

BRENTWOOD BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

**For The Year Ended
31st March 2011**

**Town Hall, Ingrave Road,
Brentwood, Essex CM15 8AY**



**BRENTWOOD
BOROUGH COUNCIL**

**The Worshipful the Mayor
Councillor Mrs Joan Holmes**

**Leader of the Council &
Chairman of the Policy, Performance and Resources Board
Councillor Mrs L McKinlay**

**Peter McKenzie
Head of Resources**

**Joanna Killian
Chief Executive**

**BRENTWOOD BOROUGH COUNCIL
STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011**

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EXPLANATORY FOREWORD

Introduction from the Head of Resources

I am pleased to introduce Brentwood Borough Council's Statement of Accounts for 2010/11, which summarises our financial affairs for the year and shows the financial position as at 31 March 2011.

The purpose of this foreword is to identify the key issues which the Council has faced through the past financial year and to give a narrative to help explain these. I have also looked forward to the future and explained the challenges that lie ahead, how Brentwood Borough Council plans to meet them and the impact this has had on the financial position for 2011/12 and beyond.

Brentwood Borough Council is a diverse organisation committed to continuous improvement in performance and standards of service. This publication incorporates all the main financial statements along with supporting notes and information to help explain the figures included in the accounts.

Background

The public sector has adopted a new method of reporting in their financial statements – International Financial Reporting Standards (IFRS). This change from UK GAAP to IFRS is designed to make the Statement of Accounts more informative and transparent.

As this is the first year of preparing the statements using the IFRS code of practice the major statements show the balances restated as at 31 March 2009 and all changes since that date. Until 2010/11 the Statement of Accounts would have been approved in draft by the Councils Audit Committee and submitted to our Appointed Auditor. The requirement now is that the Council's Responsible Finance Officer approves this statement. On completion of the audit the statement will be approved by the Audit Committee.

Given below is a brief explanation of each of the major statements.

Movement in Reserves Statement (page 40)

This shows the net worth of the Council from March 2009 to March 2011 and is shown in full on page 40.

The major items shown here are the:

- general fund reserve which stood at £4.422 million as at 31st March 2011
- HRA reserve which stood at £1.479 million as at 31st March 2011

Comprehensive Income and Expenditure Account (page 42)

This shows a summary of the costs incurred in providing services for the year 1st April 2010 to 31st March 2011. The statements have been prepared using generally accepted accounting practices and the accounting policies adopted by the Council are shown on page 13 to 27.

The Statement of Accounting Policies has been significantly revised for 2010/11 following the adoption of IFRS and to aid readers all changes have been highlighted in *italics*.

The main statement has been prepared at a high level in accordance with the accounting requirements imposed upon the Council but is supported by a detailed analysis of the income and expenditure on all of the services provided by the Council at note 10 to the statements. Detail of the Council's performance for the year against the budget set in February 2010 is given later in this foreword.

Balance sheet as at 31st March 2011 (Page 43)

This shows the Council's assets and liabilities as at the 31st March of each year. This includes the values of the Council's assets, the amounts of money owed by the Council to its

creditors, the amounts owed to the Council by its debtors, cash and bank balances, investments, provisions, loans, deferred income and government grants and the reserves available to the Council and which fund the balance sheet.

Each of the categories in the Balance Sheet has notes attached giving more detail of the figures. It is well documented that the Council seeks to make revenue savings by moving to a smaller, energy efficient Town Hall. As final decisions have not been made on the final project the town hall site has not been marketed at 31st March. To comply with the IFRS code of practice the town hall has been categorised as an operational asset.

Cash Flow Statement (Page 44).

This statement summarises the cash inflows and outflows arising from transactions with third parties for revenue and capital purposes. In the section below on Treasury Management I have shown details of the cash and investment balances to provide further details of how the Council actively manages its cash flows.

Housing Revenue Account (HRA page73).

This account summarises the income and expenditure relating to the Council's provision of social housing within the borough where the Council is the landlord. This "landlord" account is ring fenced so that rent income does not subsidise the general fund or visa-versa.

Collection Fund (Page 79).

This account shows the Income and Expenditure transactions of Brentwood Borough Council (as the billing authority) relating to council tax and non domestic rates. It also shows how the income is distributed between Brentwood Borough Council's General Fund, Essex County Council, Essex Police Authority, Essex Fire and Rescue and the national pool (central government).

Economic background

In setting the budget for 2010/11 the Council embarked on a process of significant change to improve the ways in which it delivered services and make savings of £1.5 million. This included increasing the General Fund working balance by £0.31m during the year. In order to tackle the national economic position central government has reduced its funding for local authorities for at least three years commencing in 2011/12. In 2010/11, following the general election, the government also reduced or withdrew certain grants. The Council seeks to protect and develop front line services while income from government falls considerably.

For this reason the Council is seeking to reduce costs by;

- Reducing office accommodation costs by relocating to a new Town Hall
- Reducing costs in the "back office" by working in partnership with other Councils to provide a shared service in finance and other services
- Working in partnership with Essex County Council to introduce a kitchen waste recycling service which reduces waste sent to landfill and produces considerable savings for both councils
- Continue the progress made in making savings through procurement, again working with other councils to seek economies of scale.

During 2010/11 the Policy, Performance and Resources Board have continued with the policy of only incurring expenditure when necessary and protecting front line services.

Over two financial years the Council has made around £3million of budget reductions through restructuring and seeking efficiency savings to reduce costs and improve service delivery by focusing resources on improving front line services. Some of these savings have been used to maintain services where costs have increased significantly. One example is

the cost of fuel for refuse and street cleaning vehicles where the service has been maintained by redirecting savings to meet increased costs in this essential service.

The table below shows a management summary of the 2010/11 outturn against budget. This shows the improved financial performance of the Council with spending being within 0.5% of the original budget.

This policy has increased the general fund working balance which the Council can use to pump prime new initiatives and pay set up costs as it transforms the way it delivers services. The Council has re-affirmed its policy that efficiency savings made will increase the general fund working balance.

General Fund Revenue expenditure and services provided 2010/11

The Council's gross revenue (operational day-to-day) spending is funded from various sources including taxes levied by the Council, Housing Subsidy, Government Grants, income from reserves and balances, fees and charges and other income.

Taxes include Council Tax and Non-Domestic Rates (also known as Business Rates). Housing Subsidy is income from Government in relation to Housing and Council Tax Benefits. Other income includes interest on investments and cash balances.

In 2010/11 the total income from these sources was £37 million. The Collection Fund shows that the tax retained by Brentwood Borough Council is 11.7%. The majority of the tax collected is on behalf of the Police authority, fire and rescue and Essex County Council

The Council spends the money it receives from those income streams in providing a range of very diverse services.

The main services provided include:

- Community safety
- Parks and open spaces
- Leisure and active lifestyle
- Housing enabling
- Homelessness
- Housing repair and improvement (including disabled facilities grants etc)
- Environmental Health
- Regeneration
- Tourism
- Car parks
- Waste collection and recycling
- Licensing
- Environmental and public protection
- Street scene (Street cleansing and Ground care).
- Bereavement services
- Development control
- Building regulation and enforcement

Staff costs include pay, national insurance and pension costs plus other related costs such as recruitment advertising and training. Contractor's costs relate to services delivered by private companies under contract. Running costs include such items as premises costs, travel and transport and purchase of supplies and other services. Capital charges relate to the use of capital assets in the delivery of services.

Set out below is a summary of the Councils revenue account. I have compared the revised estimate prepared in the autumn of 2010. These figures have been reported to the Council and the final Statement of Accounts show no material change.

2010/11 PROVISIONAL OUTTURN				
	Original Estimate 2010/11	Revised Estimate 2010/11	2010/11 Provisional Outturn	variance from revised estimate
Head of Sustainable Communities	4,253,110	4,661,538	4,335,170	-326,368
Head of Planning & Regulation	1,597,667	2,084,840	1,806,375	-278,465
Head of Resources	3,053,659	2,829,344	2,983,176	153,832
Head of Governance	453,153	583,060	565,986	-17,074
Head of Business Improvement	578,581	493,272	440,548	-52,724
Director of Finance	-132,648	0	0	0
Managing Director	-574,411	0	0	0
NET COST OF SERVICES	9,229,111	10,652,054	10,131,255	-520,799
Discretionary Grant to Parishes	128,739	128,739	128,739	0
Parish Precepts	255,081	255,081	255,081	0
Interest paid	259,000	214,590	193,130	-21,460
Interest received	-149,000	-22,086	-164,085	-141,999
Reversal of capital charges	-729,850	-1,049,390	-1,049,393	-3
Reversal of Pension Fund costs	0	0	-301,925	-301,925
Provision for loan repayment (MRP)	136,000	198,216	196,735	-1,481
Contribs from the Assizes House Trust	-100,000	0	0	0
Contingency	250,000	0	0	0
Provision for bad debts	0	0	130,000	130,000
Payment to the Pension Fund	1,556,000	1,539,000	1,399,604	-139,396
OTHER COSTS	1,605,970	1,264,150	787,886	-476,264
TOTAL NET COSTS	10,835,081	11,916,204	10,919,141	-997,063
GENERAL FUND RESERVE				
Contribution to reserves/ provisions	310,000	0	310,000	310,000
Use of GF Earmarked reserves	0	-371,360	0	371,360
CONTRIB/(USE) OF GF RESERVE	310,000	-371,360	310,000	681,360
BUDGET REQUIREMENT	11,145,081	11,544,844	11,229,141	-315,703
FINANCED BY:				
Government Formula Grant	-663,000	-663,000	-662,896	104
NNDR Allocation	-4,565,000	-4,565,000	-4,565,106	-106
Area Based Grant	0	-26,134	-39,203	-13,069

Council Tax - BBC	-5,540,000	-5,639,630	-5,639,630	0
Council Tax - parishes	-255,081	-255,081	-255,081	0
Collection Fund prior year's surplus	-122,000	-122,000	-122,000	0
TOTAL FINANCING	-11,145,081	-11,270,845	-11,283,916	-13,071
(SURPLUS)/DEFICIT	0	273,999	-54,775	-328,774

The main variances to the budget include:

Main variances -		
	£	Note
<u>Head of Sustainable communities</u>		
Use of sub contractors	-26,000	Use of in house staff
business rates	-28,000	Warley training centre is vacant
Agency staff	-105,000	Use of in house staff
use of plant and equipment	-113,000	Rationalisation of vehicles and rounds
income	-17,000	Green waste income
recycling credits	-20,000	Increased recycling rates
	<u>-309,000</u>	
<u>Head of planning and Regulation</u>		
Local Development Framework consultation	-91,000	neighbourhood consultation in 2011/12 prior to developing the framework
Planning fees	-18,000	
Parking fees	-153,000	Increased number of users, popularity of the residents parking scheme and issue of fixed penalty notices
	<u>-262,000</u>	
<u>Head of Resources</u>		
Upgrade to Housing benefit IT system	42,000	Essential upgrade to the benefit system to improve performance
Employee costs	35,000	Continued work relating to the 2009/10 accounts
Interest paid	-21,500	Reduced short term borrowing needed in 2010/11
Court costs recovered	-88,000	Recovery of fees relating to council tax recovery
	<u>-32,500</u>	
<u>Head of Governance</u>		
No significant over or under spends	-17,000	Minor under spends on numerous budgets
<u>Head of Business Improvement</u>		

Salary vacancies	-53,000	A number of posts help vacant in 2010/11
TOTAL	-673,500	
<u>Corporate Items</u>		
Use of Earmarked reserves	371,360	No call on earmarked reserves in 2010/11
General fund reserves	310,000	The original estimate included made provision for this contribution. The outturn has allowed the Council to meet these original objectives
External Audit fees	152,000	Increased delayed charges relating to the 2009/10 audit and the Housing benefit claims from 2007/8 onwards
Provision for bad debts	130,000	Debt levels are falling as cash is collected - an increase in the provision is recommended as the remaining balance is made up of older debt. Any unused provision will be returned to the general fund working balance
Interest received	-142,000	Prior year adjustments on capital financing
Other minor variations	-35,634	Under spends in budgets across the Council achieved by efficiencies
Reversal of pension fund costs	-302,000	See note 24 in the Statement of Accounts
Payment to the pension fund	-139,000	Re-allocation of costs to the Housing Revenue Account
Total under spend	-	
	328,774	

The full management report presented to the Policy, performance and Resources Board in June 2011 can be found on the Councils website.

Capital expenditure

The Council approved the total Capital Programme with the Policy Performance and Resources Board approving the detailed phasing. This is to acknowledge capital spend relates to long term projects and does not necessarily fall neatly into financial years. The revised outturn for the programme was £1.666m whilst the actual out turn spend was £1.413m. A summary of the main variances are shown below

Table 1 – Capital Out turn

2010/11 2010/11 2010/11

	Capital budget	Outturn	Variance (Budget vs. Outturn)
	£	£	£
Brentwood Leisure Trust	128,000	55,713	(72,287)
Leisure Services	393,344	305,041	(88,303)
Town Hall	150,000	154,066	4,066
Information Technology	30,000	58,360	28,360
Corporate Services	317,000	279,565	(37,435)
Highways	74,000	14,335	(59,665)
MSCP and Other Car Parks	110,000	97,457	(12,543)
Environmental Services	133,000	135,123	2,123
Parks and Countryside	81,000	69,111	(11,889)
Housing Services	250,000	244,877	(5,123)
General Fund	1,666,344	1,413,648	(252,696)
 Housing Revenue Account	 2,151,400	 2,213,253	 61,853
	3,817,744	3,626,901	(190,843)

The reasons for the main variances are:

- Brentwood Leisure Trust – the Sports Hall floor upgrade has been completed and final invoices will be paid in the first quarter of 2011/12 with the major works to fixed equipment.
- Leisure services – Merry mead house scheme is complete with an under spend of £92k – however the final retainers will be paid in 2011/12 amounting to around £35k. The scheme overall will under spend.
- IT – the original budget for the server virtualisation was £110k. Originally officers anticipated no spending by March 2011 and the forecast outturn was adjusted accordingly. However the project commenced in March 2011 and some spend was incurred during 2010/11.
- Highways under spend relates to the Hart Street improvement works re-phasing.

All of the Councils capital expenditure was funded from capital receipts (sums received in previous years from the sale of assets) or from partners. No borrowing or private finance initiatives have been entered into in 2010/11. There have been no major assets acquired or liabilities entered into.

Treasury Management.

The cash flow statement and Balance sheet show the turnover of cash and our final cash position as at 31st march. Behind these figures the Council manages day to day cash management and forecasts likely surplus cash to invest with mainland British financial institutions to maximise investment income while minimising risk.

The table below shows the actual current account cash balance at the end of the month and the average value of investments made during the month

	Apr-10 £	May-10 £	Jun-10 £	Jul-10 £	Aug-10 £	Sep-10 £
Closing Bank balances at the end of the month	171,214	38,317	700,833	265,017	228,639	196,155
Average investments made during the month	4,166,667	5,166,667	6,464,667	7,977,333	7,686,452	7,400,000
	Oct-10 £	Nov-10 £	Dec-10 £	Jan-11 £	Feb-11 £	Mar-11 £
Closing Bank balances at the end of the month	59,476	601,472	357,064	322,021	52,449	724,443
Average investments made during the month	8,190,323	9,470,968	8,593,548	8,026,774	4,253,571	788,065

This clearly shows the Council proactively managed cash surpluses during the year. The Council had a long term loan of £2.6 m outstanding at 31st March 2011 which was to be refinanced in April 2011. As low interest rates are reducing investment income a new loan of £2m has been taken out at interest rates below those offered by the Public Works Loans Board. In April 2011 the council's loans portfolio has reduced from £7m to £6.3m. The Appointed Auditor has agreed with the Head of Resources view that this is not a significant post balance sheet event.

Pension fund liability

The pension fund liability is set out in Note 24 of this statement in some detail. In summary the Council has a liability of £40.5 million. This liability has arisen due to the estimated sums the council will need to pay compared to the estimated fair value of the investments.

Performance indicators

Throughout the Statement of Accounts and the Annual Governance Statement the Council is demonstrating to the residents the improvements it has made, and continues to make not only in its governance arrangements but also in services delivered. The table below shows some of the Council's "Key indicators of Financial Health"

Performance indicators

Indicator	Description	2008/9 Outcome	2009/10 Outcome	2010/11 Outcome	Note
NI181	Time taken to process housing benefit / council tax benefit new claims and change events	6.09	4.67	3.3	1
FinPI 1	The proportion of council tax collected within the year	98.20%	97.94%	97.86%	2
FinPI 2	The percentage of non domestic rates due for the financial year which were received by the authority	97.90%	97.30%	97.28%	2
FINPI 3	The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoice being received by the authority	75%	90.66	91.95	3
FINPI 4	The percentage of invoices paid for local businesses within 20 days	N/A	92.29	85.23	3

Note 1 – Over the last three years the time taken to process residents housing benefit claim forms has been improving steadily. In the 2010/11 the average time taken to assess a resident's claim for either housing or council tax benefit has reduced to just over 3 days.

Note 2 – These figures show the percentage of tax we have collected between 1 April 2008 and 31st March 2011. While the percentages have decreased slightly, again due to the economic climate, the Council runs an efficient and effective collection service which is sensitive to residents changing circumstances but seeks to maximise collection rates in year. The Council continues to collect tax which was due in 2009/10.

Note3 – The data relating to the percentage of invoices paid to local business in 2008/09 was not collected. However the table shows the Council's commitment to business and especially local businesses by ensuring they are paid as quickly as possible. This is part of the Council's ongoing commitment to support the local economy through these and other measures including its "keep trade local" campaign. Performance fell in the last quarter of 2010/11 however measures have been put in place which increased performance to over 90%.

Conclusion

The Accounts have been signed on the 29th June 2011 by myself as the Council's responsible financial officer. This would not have been possible without the hard work of the finance team who have restated accounts over a three year period. Also the continuing support of all Council staff and elected Councillors, especially members of the Audit Committee and Policy, Performance and Resources Board. My thanks go to all those involved in the process.

Further Information

Further information about these accounts is available by contacting: Brentwood Borough Council, Head of Resources, Town Hall, Ingrave Road, Brentwood CM15 8AY.

Interested members of the public have the statutory right to inspect the accounts before the audit is completed. For the 2010/11 accounts the inspection period is 18th July 2011 to the end of the Audit. These dates have been advertised in the local press and on the Councils website.

Peter McKenzie
Head of Resources and section 151 officer

STATEMENT OF RESPONSIBILITIES

The Council's responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Resources,
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the statement of accounts.

I confirm that these accounts were approved by the Audit Committee held on 28th September 2011 following the report and audit opinion and audit certificate of the Councils appointed auditor.

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Chairman of the Audit Committee

Date September 2011

The Head of Resource's Responsibilities

The Head of Resources is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the Code of practice on local authority accounting in the United Kingdom 2010/11 "the local authority Code".

In preparing this statement of accounts, the Head of Resources has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code
- Kept proper accounting records which are up to date;

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Having undertaken the above, the Head of Resources is satisfied that the statement of accounts presents a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2011.

Peter McKenzie, Head of Resources and Section 151 Officer

2. STATEMENT OF ACCOUNTING POLICIES

Note – Where text is in *italics* it shows the changes in the accounting policies between 2009/10 and 2010/11. These changes are mainly as a result of implementing International Financial Reporting Standards (IFRS).

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. *The Authority is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2003. These Accounts are prepared in accordance with The Code of practice on local Authority Accounting in the United Kingdom 2010 (the Code): issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has adopted International Financial Reporting Standards (IFRS) for financial statements produced from 2010/11. The financial statements for prior periods have been restated to comply with these new standards and ensure valid comparatives are applied.*

2.2 Format of the Accounts

The Accounts are comprised of 4 main statements as follows:

- 1. The Movement in Reserves Statement*
- 2. The Comprehensive Income and Expenditure Account*
- 3. The Balance Sheet*
- 4. The Cash Flow Statement*

The first four Statements as detailed above comprise the Consolidated Financial Statements for the Council and are supported by a common set of Notes. The two statements below are supported by their own set of Notes to the Accounts.

- 1. The Housing Revenue Account Income & Expenditure Statement*
- 2. The Collection Fund Statement*

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's Housing Stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced (from the remainder of the General Fund) in accordance with Part 6 of the Local Government & Housing Act 1989 so that rents cannot be subsidised from Council Tax or vice versa. All Housing Revenue Account Income & Expenditure items are also included within the Comprehensive Income & Expenditure Account. Whilst there is no separate Balance Sheet for the Council's Housing Stock all relevant Balances are included within the Council's Balance Sheet referred to above.

The Collection Fund Statement is a record of revenue expenditure and income relating to the Council's role as a billing authority for Council Tax and National Non-Domestic Rates (NNDR) in accordance with the requirements of section 89 of the Local Government Finance Act 1988. Its primary purpose is to show the transactions of the billing authority in relation to the collection from taxpayers of tax due and distribution of the same to local authorities (including itself) and the Government. Collection Fund Statement items are only included within the Comprehensive Income & Expenditure Account and Balance Sheet when they relate to the

Council's own entitlements or commitments as distinct from those of Local Government or Central Government partners. Amounts owed or owing by Taxpayers at the Balance Sheet Date are therefore not shown in the Authority's Balance Sheet with the exception of the portion of Council Tax to which the authority itself is entitled.

2.3 Basis of Accounting

In general, except where specifically stated, the statement of Accounts is prepared on an historic cost basis, i.e. expenditure is included on the basis of the price actually paid rather than any additional allowance being made for changes in the purchasing power of money, modified by the revaluation of Property, Plant & Equipment as detailed below.

2.3.1 The following accounting concepts have been applied in the preparing the accounts:

- **Relevant:** The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions
- **Reliability:** The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.
- **Comparable:** A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has material effect on information, this has been disclosed.
- **Understandability:** Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.
- **Materiality:** In using its professional judgement, the Council considers the size and nature of any transaction, or set of transaction. An item is considered material where its omission would reasonably change the substance
- **Accruals:** The accounts are prepared on an income and expenditure basis with activity accounted for in the year it takes place rather than when cash payments are made or received. Sums due for goods or services received by the Council before 31 March 2011 are included in the accounts and recorded as creditors in the balance sheet. Similarly income due but not received by 31 March 2011 has been included as debtors in the balance sheet. (further details are shown in section 2.5 below).
- **Going Concern:** The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.
- **Primacy of Legislative Requirements:** The Council operates through the power of statute. Where a particular accounting treatment is prescribed by legislation, then that treatment prevails even if it conflicts with one or other of the accounting concepts outlined above. In the unlikely event of this arising, a note to that effect will be included in the accounts.

2.3.2 ***Cash & Cash Equivalents:** Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of*

acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.3.3 Construction Contracts: Work in Progress under construction contracts is accounted for using the percentage of completion method supported by appropriate professional certification.

2.3.4 Borrowing Costs: Borrowing costs are interest and other costs that the council incurs in connection with the borrowing of funds. The Council's policy in relation to all borrowing costs incurred is to charge them as expenses, and as such they appear under the Financing and Investment heading within the Comprehensive Income and Expenditure Statement.

2.3.5 Exceptional Items: When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts.

2.3.6 VAT: Value Added Tax is excluded from both revenue and capital in terms of both income and expenditure except where the Council is not able to recover VAT on expenditure. Local authorities are able to recover a major part of VAT incurred from HM Revenue & Customs,

2.3.7 Events occurring after the Balance Sheet Date but before the Statement of Accounts is authorised for issue: Two types of events can be identified

- a. Those that provide evidence of conditions that existed at the Balance Sheet date – the Statement of Accounts is adjusted to reflect such events.
- b. Those that are indicative of conditions that arose after the Balance Sheet date – the Statement of Accounts is not adjusted to reflect such events, but where such events have a material effect disclosure is made in the Notes to the Accounts of the nature of the events and their estimated financial effect.

2.4 Changes In Accounting Policies and Estimation Techniques

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Where it is necessary to choose between different estimation techniques, the Council selects whichever technique is judged to be the most appropriate to its particular situation for the purpose of presenting the financial position in the accounts fairly.

Estimates are used principally when accounting for certain government grants, depreciation, revaluation and impairment, employee pension schemes, provisions, changes in reserves and financial assets impairment allowance. Estimates are also used for debtors and creditors where invoices have yet to be issued or received. Very few estimates have been used as invoices paid in April / May 2011 relating to goods and services received prior to 31st March 2011 have been used to accrue for debtors or creditors.

2.5 Accruals of Income and Expenditure

We account for activity in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges, and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Income and expenditure are credited or debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure. *In*

relation to Capital receipts the Comprehensive Income & Expenditure Account is charged with the loss or profit of Sale Proceeds below or above Balance Sheet value at the date of sale. In relation to Capital Expenditure the Comprehensive Income & Expenditure Account – Net Cost of Services is charged with Depreciation and Impairment reflecting the consumed value of Assets during the financial year except where the Revaluation Reserve has a pre-existing balance to fund Impairment. Whilst Chargeable in the Comprehensive Income & Expenditure Account, Depreciation & Impairment is not chargeable against Council Tax. For the latter purpose these charges are replaced in the Movement of Reserves Statement by a contribution towards the reduction in the Council's overall borrowing requirement.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, and where the amounts are significant, they are carried as stocks on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a provision/charge is made to revenue for the income that might not be collected. *The Provision/Charge is determined with reference to the age of the outstanding debt and/or the nature of the relationship between the Council and the Debtor at the Balance Sheet Date (Eg. The Provision percentage rate applicable to former tenants is higher than that applying to current tenants).*

2.6 Provisions, Contingent Liabilities & Contingent Assets

Provisions

We make Provisions where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, but where the timing of the transfer is uncertain. For example, the Council may be involved in a court case that could eventually result in the making of settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue line in the Comprehensive Income & Expenditure Account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service line if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not charged to the Comprehensive Income & Expenditure Account or recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not charged to the Comprehensive Income & Expenditure Account or recognised in the Balance Sheet but are disclosed in a Note to the Accounts.

2.7 Reserves

Useable Reserves

The Authority sets aside specific amounts as Useable Reserves for future policy purposes or to cover contingencies. Contributions to/or from Reserves are shown within the appropriate service line in the Comprehensive Income & Expenditure Statement. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for the expenditure/income as represented by the 'General Fund'. The balancing entry is then made to the appropriate specific reserve.

Unusable Reserves

Reserves are kept to manage the accounting processes for Property, Plant & Equipment, Employee Benefits and Financial Instruments. These do not represent useable Reserves for the Council and their use is explained in the relevant policies below.

2.8 Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant & Equipment.

Recognition: expenditure on the acquisition, creation, or enhancement of Property, Plant & Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council (and the services that it provides) for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. *In accordance with the Code of Practice guidance notes and Department of Communities & Local Government 'Stock Valuation for Resources Accounting – Guidance for Valuers 2010 issued in January 2011 section 13.4.1 the Major Repairs Allowance 'represents the capital cost of keeping stock in its current condition based on the annual cost of replacing individual building components as they reach the end of their useful life.'* Accordingly all expenditure financed from the Major Repairs Allowance is capitalised in the Authority's Accounts.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- *Social Housing dwellings – Upon Valuation at Fair Value determined by Existing Use Value (social housing) using the Beacon Group approach in accordance with the Code of Practice guidance notes and Department of Communities & Local Government 'Stock Valuation for Resources Accounting – Guidance for Valuers 2010 issued in January 2011. Upon valuation all properties within the same Beacon Group will be deemed to be of the same value. Where the latest Valuation Date precedes the Balance Sheet date individual properties within the same Beacon Group may show differential valuations at the Balance Sheet date reflecting subsequent differences in Additions, Deletions & Impairment. Where the latest Valuation Date and the Balance Sheet Date are the same individual properties will be Revalued or Impaired so as to enhance or reduce the immediately preceding holding value to the newly determined Beacon Group value representing the new Gross Book Value. Prior to 1 April 2010 the Existing Use (Social Housing) Value was defined as equivalent to the Market Value of the properties multiplied by a Regional Percentage (46% for the Eastern region) determined by the Department of Communities & Local Government. From 1 April 2010 the Regional Percentage has been revised downward to 39%. The 7% differential is reflected as Impairment within the Accounts. The Vacant Possession value of the Housing Stock is quoted as a memorandum note within the accounts.*
- *Infrastructure assets and community assets – depreciated historical cost.*
- *Other land and buildings - fair value for land and buildings is to be interpreted as the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of existing use value (EUV) in accordance with UKPS 1.3, If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the Council has estimated fair value using a depreciated replacement cost approach.*
- *Vehicles, plant and equipment - carried at historic cost net of any depreciation*
- *Assets under construction (historical cost),*
- *investment properties – fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction. For this category, fair value is interpreted as the amount that would be paid for the asset in its highest and best use, ie market value.*

In order to satisfy the above requirement Property, Plant & Equipment is valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS).

Net current replacement cost is assessed as:

- non-specialised operational properties – existing use value
- specialised operational properties – depreciated replacement cost
- investment properties and surplus assets – market value.

The “De-minimus” level, the amount at which capital income is deemed not material, has been set at £10,000. Assets purchased or sold at less than this amount are posted direct to the service revenue account(s) that are to gain benefit from their use, this is in accordance with the required treatment under the Local Government Act 2003. No specific de minimus has been identified for capital expenditure. This is due to the requirement to apportion capital

expenditure across individual dwellings in order to effect the correct treatment of the Revaluation Reserve. A significant number of the apportionments to individual dwellings are under £10,000 but in total form a significant sum.

Revaluations: *Revaluation of Property, Plant & Equipment shows the impact of the periodic rolling programme of valuations (not greater than 5 year intervals) to assess fair value above the value quoted in the previous years' Financial Statements. Upward valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve records the accumulated gains arising from valuation exercises from 1 April 2007 onwards. Revaluation gains occurring in any one year, but where the overall valuation is below the 1 April 2007 baseline valuation, will be credited to the Comprehensive Income and Expenditure Account to offset the reversal of an impairment loss charged to the Comprehensive Income and Expenditure Account in previous years.*

Impairment: *An Impairment assessment takes place each year to ensure that the amount held in the Balance Sheet does not exceed the net fair value of each asset. Where assets are impaired the value for those assets is written down to the net realisable value as soon as the impairment is recognised. An impairment loss is recognised to the extent that the carrying amount cannot be recovered whether by selling the asset or by the discounted future cash flows from operating the asset. Impairment losses are written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income & Expenditure Account.*

The amount charged to the Comprehensive Income & Expenditure Account is then offset by an equal and opposite entry to the General Fund Balance made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for Impairment.

Disposals: *Available for Sale assets are recognised on the Balance Sheet at Fair Value at the time when the Council identifies an intention to sell. The entry is balanced by an entry in the Available for Sale Reserve.*

When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line within the Comprehensive Income and Expenditure Account. Receipts from disposals are credited to the same line within the Comprehensive Income and Expenditure Account. The difference between the two entries is then offset by an equal and opposite entry to the General Fund Balance made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for the profit/loss upon sale. Any revaluation gains held on the Revaluation Reserve at the time of disposal are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Useable Capital Receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

Where the Authority disposes of an asset, the assets cannot be revalued to the sale price, so there will be a gain or loss on each transaction.

The profit or loss is then calculated with reference to this updated carrying value.

Depreciation: *Depreciation is provided for on all assets with a determinable finite useful life. Depreciation is based on the amount at which the asset is included in the balance sheet, whether at net current replacement cost, or historic cost. For the purposes of establishing the Depreciation base all assets are componentised into Land & Buildings with no Depreciation being applied to Land. Buildings or other non-Land items are then further sub-componentised when all of the following four conditions are satisfied:*

- a. Revaluation and/or Enhancement of the asset take place on or after 1 April 2010.*
- b. The Value of at least one identifiable component represents more than 30% of the value of the asset as a whole.*
- c. The closing carrying value of the whole asset exceeds £500,000.*
- d. No individual Component life differs by a minimum of either 11 years or more or 20% whichever is the smaller in relation to the largest component.*

Depreciation is an estimation technique that is calculated using the following methods:

- *Dwellings – the CIPFA/LASAAC Joint Committee has accepted that the Major Repairs Allowance (MRA) is likely to constitute a reasonable estimate of depreciation for HRA properties. Brentwood has adopted this approach from 2009/10 onwards. Depreciation has been applied to the buildings component of each dwelling. Depreciation has not been applied at lower component levels as there are no individual components that constitute a significant proportion (as defined in a to d above) of the Vacant Possession Value of the properties.*
- Other buildings – straight-line allocation over the life of the property as estimated by the valuer.
- Infrastructure, community assets – straight-line allocation over a period determined for each class of asset
- Vehicles, plant, and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

Type of Asset	Valuation Method	Estimated Useful Life
Social Housing Dwellings (HRA)	Existing Use Value (Social Housing)	Major Repairs Allowance applied as proxy
Other Dwellings	Market Value	50 years
Other Operational Buildings	Lower of net current replacement cost and Existing Use Value	5-50 years
Land	Lower of net current replacement cost and Existing Use Value	N/A
Infrastructure, Community assets	Depreciated Historic Cost	50 years
Vehicle, Plant, Furniture and Equipment	Depreciated Historic Cost	5-10 years modified by fair value where relevant

Land is determined to have an infinite life and is not depreciated. In accordance with the Code, non-operational assets, other than surplus assets held for disposal, are not subject to depreciation.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

2.9 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses upon revaluation or disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Account. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge/credit against council tax for the expenditure/income. The balancing entry is the made to the Capital Adjustment Account when sale proceeds are less than £10,000 and to the Capital Receipts Reserve when sale proceeds are greater than £10,000.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line within the Comprehensive Income and Expenditure Account and result in a gain for the General Fund Balance.

2.10 Government Grants and Contributions

Government Grants and Contributions are credited to the relevant service lines within the Comprehensive Income & Expenditure Account either:

- a. If yet to be received at the Balance Sheet Date but the entitlement is clear and indisputable at that point in time in relation to dates referred to in the Grant Conditions or matching expenditure already incurred.*
- b. At the time of cash receipt unless otherwise accounted for under (a) above or unless Grant conditions have yet to be satisfied.*
- c. At the time at which Grant Conditions have been satisfied where this is later than the Cash Receipt Date.*

In relation to the above 'Conditions' are defined as stipulations by the sponsoring body that specify the precise nature of the future economic benefits or service potential embodied in the asset purchased. To the extent that the stipulations are not satisfied, any grant received in cash terms must be returned to the transferor.

Where there are timing differences between the Cash Receipt of Grants & Contributions and Entitlements as defined above the value of any such differences will be shown in the Balance Sheet as Debtors or Creditors-Receipts in Advance or Capital Grants Received in Advance as applicable.

2.11 Revenue Expenditure Funded from Capital

'Revenue Expenditure Funded from Capital' represents expenditure funded by capital sources under statutory provisions but that does not result in the creation of Property, Plant & Equipment or Investment Assets.

'Revenue Expenditure Funded from Capital' incurred during the year is charged to the relevant service line in the Comprehensive Income and Expenditure Account. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The balancing entry is made to the Capital Adjustment Account.

2.12 Leases

A lease is an agreement whereby the lessor conveys to the Council, in return for a payment or series of payments the right to use an asset for an agreed period of time.

Leases are classified as Finance Leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings components are considered separately for classification. The Land element is classified as an operating lease unless any rights of ownership transfer to the Authority. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee – Finance Leases

Property, Plant & Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception or (if lower) the value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the Property, Plant & Equipment line in the Balance Sheet. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease Payments are apportioned between:

- a. A charge for the acquisition of the interest in the Property, Plant or Equipment – this is applied to reduce the Lease Liability within the Balance Sheet*
- b. A cost of capital – Interest charge debited to the 'Financing & Investment' Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to Property, Plant & Equipment subject to Depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. Where the latter is used the present value of the minimum lease payments will be applied. Residual values of leased assets will not be taken into account as the Authority does not commit in advance to using Leased Assets beyond the initial lease period.

The Authority as Lessee – Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if the payment schedule is not straight line.

The Authority as Lessor – Finance Leases

Where the Council grants a finance lease relating to Property, Plant or Equipment, the relevant asset is written out of the Balance Sheet as a disposal with any difference between the fair value measured at the leases's inception (or (if lower) the value of the minimum lease receipts) and the Net Book Value being charged to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as a Gain or Loss upon disposal. The difference between the fair value (or minimum lease receipts) and the cash received upon disposal is shown as either Short Term or Long Term Debtors within the Balance Sheet as appropriate.

Lease Rentals Receivable are apportioned between:

- a. A reduction to the Debtor entry in the Balance Sheet*
- b. A receipt of capital – Interest receipt credited to the 'Financing & Investment' Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

Any gain credited to the Comprehensive Income and Expenditure Statement upon disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. The amount charged or credited to the Comprehensive Income & Expenditure Account is then offset by an equal and opposite entry to the General Fund Balance made in the Movement in Reserves Statement so that there is no net charge or credit against council tax for the Capital Receipt.

The Authority as Lessor – Operating Leases

Where the Authority grants an operating lease over an item of Property, Plant or Equipment the asset is retained in the Balance Sheet. Initial indirect costs incurred in negotiating and arranging the lease are added to the Property, Plant & Equipment value and are charged as an expense over the lease term on the same basis as rental income. Rentals received under operating leases are credited to the Comprehensive Income and Expenditure Statement. Receipts are credited on a straight-line basis over the life of the lease, even if the receipt schedule is not straight line.

2.13 Inventories

Inventories are maintained for Fuel & Depot consumables. Such inventories are valued at cost.

2.14 Overheads and Support Costs

The costs of overheads and Support Costs (for example Information Systems and Financial Services) are charged to individual service accounts that benefit from the supply or service

in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCoP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early, and any depreciation and impairment losses chargeable on surplus assets within Property, Plant & Equipment

These two cost categories are defined in 'SeRCoP' and accounted for as separate headings in the Comprehensive Income and Expenditure Account, as part of Net Cost on Continuing Services.

2.15 Employee Benefits

Benefits Payable during Employment

Short-Term employee benefits (those that fall due wholly within 12 months of the year end) such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the relevant service line in the Comprehensive Income and Expenditure Account for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and upon which employees have a contractual entitlement to carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. An equal and opposite entry to the General Fund Balance is then made in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The balancing entry is the made to the Accumulating Compensated Absences Adjustment Account.

Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. An accrual is made against the relevant service line in the Comprehensive Income and Expenditure Account for the cost of termination benefits. The General Fund Balance is required to be charged with the amount payable to the Pension Fund for the individuals concerned. The difference between the two figures is credited back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The balancing entry is the made to the Pensions Reserve.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, which we account for as a defined benefits scheme. Some employees are also members of a life insurance and medical care scheme.

In accordance with the Code of Practice, the liabilities of the Essex County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 5.6%.

We include the assets of the Essex County Council Pension Fund attributable to the Council in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – average of the bid and offer rates
- Property – market value.

The change in the net pension's liability is analysed into seven components:

- **current service cost** – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
- **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Account
- **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Account
- **gains/losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
- **actuarial gains and losses** – *changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.*
- **contributions paid to the Essex County Council Pension Fund** – the employer's contributions to the pension fund for the financial year.

Statutory provisions require that the General Fund balance be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according

to the relevant accounting standards. *The difference between the General Fund Charge and the FRS17 Charge is debited/credited back to the General Fund Balance in the Movement in Reserves Statement. The balancing entry is made to the Pensions Reserve.*

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued for in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

2.16 Financial Relationships with Third Parties

Interests in Companies and other entities

The Council is required to prepare consolidated group accounts where it exercises a dominant or significant influence over the financial and operating policies of an entity. The council have to consider all of their interests in subsidiaries, associates and joint ventures and where material include the value of the interest in the Group Accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets it controls and the liabilities it incurs and debits/credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of Property, Plant & Equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity.

Related Parties

Where either the Council, or its Members or Senior Officers, is connected with any other entity that it transacts any business with, it is required to disclose these as related party interests. These are shown in the Notes to the Core Financial Statements.

2.17 Financial Assets and Liabilities – Loans & Receivables

Loans and receivables are initially measured at fair value and carried in the Balance Sheet at their amortised cost. Annual debits/credits to the Income and Expenditure Account for external interest payable/receivable are based on the carrying amount of the liability/asset multiplied by the effective rate of interest for the instrument. For the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal payable/receivable and interest debited/credited to the Comprehensive Income and Expenditure account is the amount payable/receivable for the year in the loan agreement.

The Council has made a number of loans to clients, staff, and voluntary organisations at less than market rates or zero rate (referred to in the Code as soft loans). When soft loans are

made, a loss is recorded in the Comprehensive Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Comprehensive Income and Expenditure Account at the effective (market) rate, with the difference between interest at the effective rate and the difference between interest at the effective rate and the contractual rate writing up the amortised cost of the loan on the Balance Sheet. Statutory regulations require that amount taken to the General Fund Balance is the contractual interest receivable. *The difference between the General Fund Charge and the FRS17 Charge is debited/credited back to the General Fund Balance in the Movement in Reserves Statement. The balancing entry is the made to the Pensions Reserve.*

When assets are identified as impaired because of likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure account.

Gain and losses on the repurchase or early settlement of borrowing are credited and debited to Net operating expenditure in the Income and expenditure in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discount have been charged to the Income and Expenditure account, regulations allow the impact on the General Fund Balance to be spread over future years. *The difference between the General Fund Charge and the Comprehensive Income and Expenditure charge as detailed above is debited/credited back to the General Fund Balance in the Movement in Reserves Statement. The balancing entry is the made to the Financial Instruments Adjustment Account.*

2.18 Trading accounts

The Council maintains trading accounts for taxi licence fees and building control fees relating to chargeable activities. All income from these functions is accounted for in a separate account together with direct costs and overheads. Any surplus or deficit at the year end is carried forward to be taken into account when fees and charges are considered by the Council.

Annual Governance Statement 2010/2011

Scope of responsibility

Brentwood Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled. Also the activity through which it accounts to, engages with, and, leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have been delivered by appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Brentwood Borough Councils policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Brentwood Borough Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The governance framework

Good governance ensures that we fulfil our purpose and achieve the intended outcomes for our citizens and service users *and* which we operate in an effective, efficient, economic and ethical manner. We have therefore developed a clear vision of our purpose and intended outcomes which are communicated both within the

council and to external stakeholders. Our vision and purpose derives from the Sustainable Community Strategy which promotes social, economic and environmental well-being for the area. More locally this is reflected through the Brentwood Local Strategic Partnership working with other public sector agencies and private, community and voluntary sector groups. Our Corporate Plan sets out our vision and values and the intended outcomes for local people. It is used as a basis for corporate and service planning.

During 2009/10 the council embarked on a wide ranging consultation exercise to inform the redrafting of the Corporate Plan which drives the council's financial plans and detailed budgets. In April 2009 the council went through a major restructuring, making considerable ongoing savings of around £1 million. The new structure was in place at 1st September 2009 and is designed to improve the capacity of the council. Since September 2007 the Council has reduced costs and improved partnership working by sharing a Chief Executive with Essex County Council.

During 2010/2011 the Council undertook a further restructuring to address the financial weaknesses within the Council through the establishment of the Director of Finance post and the creation of the Managing Director's post to drive the operational change required by the Council. This new structure has given an increased focus on the Council's critical areas and has enhanced the governance of the organisation.

Also in 2010/2011 we continued the partnership arrangements with Essex County Council to provide additional capacity in the areas of Internal Audit and Risk Management, Performance Management, Project Management and Emergency Planning. We also established partnership arrangements for the Human Resources and Communications Service by March 2011. Those arrangements are in place and are providing significant improvements in our capacity to embed the improvements across the Council. In addition the close working arrangements between the two councils allows Brentwood Borough Council access to specialist technical and professional advice in a number of areas.

The key elements of the council's internal control environment are as follows:

- The Council has adopted a constitution, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The constitution has been updated and approved by the council.
- The facilitation of policy and decision-making through the Policy Board and Panels. Meetings are open to the public except where personal exempt or confidential matters are being disclosed. In addition, senior officers of the Council in consultation, where appropriate, with senior councillors can make decisions under delegated authority as set out in the constitution.
- All policy and major decision reports are considered by the Council's Corporate Leadership Board prior to any recommendations being considered by the Policy, Performance & Resources Committee or Council. These are

reviewed by the Overview and Scrutiny Committee and/or the Audit Committee as appropriate.

- Service Plans are prepared and approved annually, reflecting the delivery of the corporate priorities. Progress on the achievement of these priorities is closely monitored by the council's senior managers, elected members and Overview and Scrutiny Committee. Performance is monitored on a monthly basis by the Corporate Leadership Board and Excellence Board and quarterly through Performance Boards. Key performance indicators are reported to appropriate Committees and Panels.
- The Policy Board received a statement of the likely outturn for 2010/2011 which projected annual spend compared to approved budget. Key indicators of financial health are included - prompt payment of invoices and cash collection rates for business rates and council tax
- Regular Financial Management Board meetings to review financial governance between senior managers and the Leader and deputy Leader of the council.
- During 2010/2011 the council faced continuing pressure on its budget, and in particular its income budgets. Financial monitoring mechanisms have been greatly improved with regular budgeting information, challenge and meetings, identification of budgetary weaknesses and a greater confidence in the forecasting mechanisms used by the Council. The Internal Audit reviews of budget monitoring and budget setting gave both areas a "Substantial Assurance" judgement. This has meant more robust and timely decision making and a greater transparency for the Council.
- The Council has developed an effective Medium Term Financial Strategy which has been used to underpin the process for the 2011/2012 budget and also for the 2012/2013 and 2013/2014 budget. The ability to take a medium term view of the Council's finances represents a significant improvement on recent practice. As part of the MTFS, the council has also set in place a sound reserves policy and as at 31st March 2010, total reserves (earmarked and general) stood at £3.295 million which represents a significantly improved position.
- The Monitoring Officer (Head of Governance) ensures compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service (Managing Director) and Head of Resources (Section 151 Officer), the Monitoring Officer will report to the Full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. No such reports have been issued in 2010/2011.
- Corporate management systems are being developed and refined to support the council's governance arrangements, especially in risk and performance

management. A Corporate Risk Management Group continues to provide a strategic risk assessment that identifies and prioritises the council's strategic risks. This process has been "drilled down" into service areas, as part of the business planning process, which is ultimately fed back into the strategic risk assessment to ensure that effective systems are in place to manage these risks.

- The Council has implemented systems for identifying and evaluating all significant risks, through the pro-active participation of all those associated with planning and delivering services. The council has approved a risk management policy statement and strategy. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. A risk register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.
- Reports for member decision contain explicit financial, legal, staff, customer implications and specific risk assessments.
- The financial management of the authority is conducted in accordance with the financial rules set out in the Constitution and the Financial Regulations. The council has designated the Head of Resources as "Chief Finance Officer" in accordance with Section 151 of the Local Government Act 1972.
- In 2010/2011 the Audit Committee met regularly to consider audit and other reports to further strengthen the governance arrangements and has considered and approved new financial regulations.
- The Council has contract standing orders in place and an up to date procurement strategy.
- The Council maintains an internal audit service, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'. This service is provided by Essex County Council (with a service level agreement) which allows this council to access a wide variety of specialist skills including dedicated anti fraud and corruption auditors and other specialisms.
- The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.
- Through reviews by external auditors, external agencies and internal audit, the council constantly seeks ways of ensuring the economic, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised.
- The Council seeks to achieve economic, effective and efficient use of resources through a process of close budgetary control to ensure scarce resources are closely matched to the delivery of priorities as identified and

approved in the annual business plans. This process has been significantly improved during 2010/2011.

- Throughout the year procedures for, and reporting of, effective financial management have continued to be strengthened and improved. This is an ongoing process. Each service manager has a dedicated accountant working with them on budgetary control and forward planning. This includes project work with either capital or revenue implications or both
- To support the internal control environment our service managers formally review the mechanisms with the Head of Resources and provide positive statements on the financial, risk management and other controls operating in their area on an annual basis
- Services are delivered by trained and experienced staff. Training needs are identified through the personal development scheme and delivered by a corporate training budget
- The Council manages and reports on performance in a number of ways. The major ones are:
 - I. Each officer receives an annual One 2 One review meeting with their line manager. This process cascades from the Chief Executive, and each officer's aims and objectives are linked to the business plan and the council's stated priorities.
 - II. The Managing Director and Head of Service has responsibility for delivering services to the standard set by the council within the agreed budget.

Review of effectiveness

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Head of Internal Audit has now completed her annual review and has provided the overall opinion. This is reproduced below:

"Based on the programme of work completed by Internal Audit for the year ended 31 March 2011, I conclude that my audit opinion is **limited**, which means that there are identified weaknesses in the control and governance framework leading to an inadequate control environment. However, it should be noted that in reaching this opinion I do recognise the Council's continuing efforts in improving internal controls during the year as evidenced by the number of positive directions of travel for the fundamental systems reviews Internal Audit have conducted and the significant number of recommendations that have been implemented. In addition the Audit Committee has continued to serve to strengthen communication between external audit, Internal Audit, officers and members of the Council

during the year and has helped to enhance accountability, corporate governance and transparency.”

The opinion also comments on the improved direction of travel and a significant improvement in the audit opinions with a marked reduction in the number of “no assurance” opinions compared to 2009/10 and an increase in the number of “substantial assurance” opinions. In looking to continue to improve, The Audit Committee has an overview of our finance improvement plan and receives regular reports on progress of these and other governance issues from internal and external auditors. The Financial Improvement Plan received a “Substantial Assurance” judgement from the Internal Audit review.

Summary of improvements in 2010/2011

Listed below are some of the significant improvements the council has made in its governance arrangements in 2010/2011.

Finance function

1. The Finance Monitoring Board continued to meet monthly to ensure effective oversight of the Council’s finances and financial activity.
2. The 2009/2010 accounts were produced with a “Qualified” auditor opinion – a significant improvement on the “disclaimed” opinion of the previous year.
3. Capacity in the accountancy department has been reviewed. A long term strategy has been developed and in the short term, additional staff have been recruited to assist with improvements in arrangements. The creation of a new post on Director of Finance has also increased capacity and resilience across the finance function.
4. Further improvement of the monitoring systems and detailed salary budgets for managers.
5. Linking accountants to senior managers to improve budget monitoring and control – both revenue and capital. This has resulted in a “Substantial Assurance” opinion from the Internal Audit reviews undertaken during the year.
6. Introduction of robust capital appraisal systems including whole life costing.
7. The treasury management strategy has been reviewed and an underlying need to borrow to fund the capital programme identified and approved by Members.
8. Financial governance has been enhanced by the Audit Committee who are:
 - approving new policies and strategies, for example financial regulations.

- receiving monitoring reports and review the finance function – this includes detailed consideration of all external and internal audit reports.
9. The budget process for 2011/2012, built on the budget monitoring arrangements for 2010/2011, has improved the robustness of the budget. A medium term financial strategy has been produced.
 10. The early closing of the accounts process, now has a detailed timetable for monitoring and management of the closure process.

Performance Management

The Council has continued to strengthen its performance management arrangements since the review in 2009. This has included the introduction of a quarterly Performance Board in addition to monthly performance reporting to the Corporate Leadership Board, and quarterly reporting to all Committees and Panels. The Performance Board consists of the Managing Director and the Director of Finance and considers and reviews information for all services as follows:-

- Performance Indicators
- Projects
- Risk Management
- Contract monitoring
- Savings Progress
- Internal Audit Recommendations
- Members and MP enquires
- Sundry Debtors
- Invoice performance
- Sickness levels

The Council has also introduced a new performance reporting system for officers to improve the monitoring of service delivery and data quality. In addition Internal Audit undertook reviews of a range of performance indicators as part of their annual audit plan.

Shared Services

The Council has also been developing Shared Services across a range of areas in a way which will improve the operation of the Council, reduce costs and increase collaboration. These options are also designed, in part, to increase the resilience of the organisation. A Memorandum of Understanding (MoU) has been signed between Brentwood, Braintree and Essex Councils agreeing to a set of principles underpinning joint working. Some of the key areas shared services have been progressed are:

- Parking
- Finance

- Human Resources
- Communications
- Regulatory Services

These projects will be ongoing in 2011/12 and will also form part of the response to the ongoing financial climate.

Risk Management

The Corporate Management system for Risk Management has now been in place for over a year and embedding of this continues. Audit recommendations have or are being implemented and are on schedule. The Council's risk appetite has been agreed and communicated to the officers of the Council and is available on the Risk Microsite. Risk continues to have increased visibility and the risk meeting of the leadership team has been given greater prominence as it now combines business continuity and emergency planning. The risk log has been reviewed and plans are in place to update the system to improve its effectiveness. In addition, the strategy is being reviewed and future reports will be taken to the Policy, Performance and Resources Board for endorsement. The escalation and horizon scanning of risks continues to develop and the ability to seek opportunities is also being identified with early consideration around next years Olympics and Queens Jubilee taking place.

The Service Plans now have a fully integrated risk section. These risks are entered onto the log and are monitored as ongoing risks enabling reporting and escalation. Training for risk owners will continue into 2011/2012 with our partner Essex County Council.

Overview & Scrutiny Committee

During the course of 2010/11 the Overview & Scrutiny Committee as part of their Annual work programme considered the following matters:

- Review of Partnership Governance arrangements.
- Consideration of the Council's Data Quality Action Plan.
- Update on the Equality and Diversity work.
- Review of the work of the Brentwood Local Strategic Partnership.

The committee considered the above and made recommendations as appropriate.

2011/12 Budget Consultation

The Council undertook a wide ranging budget consultation exercise to assist with setting the 2011/12 Budget. The "Your Brentwood Your Budget" campaign focused on engaging Brentwood residents and key stakeholders, to get involved to work together with the council and play a part in identifying efficiency savings, and to identify their budget priorities.

The implications of the consultation results were analysed and collated and prepared for presentation to the Corporate Leadership Board and for a Members Away Day.

All of this was fed into the final budget setting for Budget Saving proposals presented at the Special Policy, Performance and Resources Board in February 2011.

Elected members' training and development

Members' training and development at Brentwood Borough Council had become sporadic in recent years with only in-house training and induction of newly elected Councillors taking place.

In 2009, an Improvement Manager from IDeA undertook a programme with Members to assess their requirements in relation to training and development which would, in their opinion, improve the service they were able to offer the residents in their Ward.

As a result of this exercise, a programme was drawn up and Members' received training in the following sessions:

- Effective Overview and Scrutiny 1
- Effective Overview and Scrutiny 2
- Member/Officer roles and relationships
- Presentation Skills
- Conflict Resolution and Casework Management 1
- Conflict Resolution and Casework Management 2
- Member Charter Information

To enable the maximum number of Members to attend these sessions, most were held in both the afternoon and evening.

Improvement East provided the funding to allow this bespoke programme of Member training and development to be professionally designed and led by an IDeA Improvement Manager and a Member Peer, including the information sessions on the Members Charter which could lead to Members committing to a comprehensive development and training programme in the future. Members who attended the two information sessions on the Members Charter were keen to commit to this and with the agreement of the leader of the Council and the Chief Executive, the Council has now committed to working towards Charter Status.

Feedback from other authorities who have committed to and been awarded the Charter verifies the value of the Members taking this step. Attaining the Charter should develop Members' knowledge and equip them to undertake their duties as Councillors more effectively, thereby benefitting the Borough's residents.

During the session relating to the Members Charter members were given full details of the Charter, which is a Council's commitment to supporting its elected Members by adopting a structured approach to Councillor development and building elected Member capacity.

As a result of the Members Training sessions Members will be able to use their time more effectively to enable them to undertake their duties as Councillors in the best way to benefit Brentwood residents.

Feedback from Members who attended the training sessions suggested that they benefited from the training through the information they were given, also through being able to discuss relevant issues with fellow Brentwood Councillors in a non-political forum.

Members' Training in general and achievement of the Members Charter needs as many Members as possible to commit to be successful.

What we still need to do

2010/11 has seen a number of improvements in relation to the governance arrangements across the Council. However, there is still work to do. Some of the main areas for development are set out below:-

- The Council has a Finance Improvement Plan which was been reviewed by the Audit Committee and also by Internal Audit and given a “substantial assurance” opinion. Progress on this however needs to be continued and will continue to be monitored by the Director of Finance.
- The accounts for 2009/2010 received a “qualified” opinion which was an improvement on the “Disclaimed” option for 2008/2009. However, further work is needed to improve the accounts to reflect an unqualified opinion.
- The building blocks of the procurement function are now in place but these need to be developed to deliver savings and improve our management of contracts.
- The financial challenges facing the authority are still very much present, and will rely upon a strong drive to reduce the council's cost base and deliver ongoing and sustainable efficiencies.
- The direction of travel for the internal control environment has improved however further work continues to be undertaken to gain at least substantial assurance across key systems area.
- The improvements made during 2010/2011 will need to be further embedded during 2011/2012 to develop the resilience of the organisation to ongoing pressures.
- Articulating the key short- and medium-term improvement priorities for the Borough in the capital and revenue strategies.
- Review and further development of the Corporate Plan.
- Continue to develop budget management and monitoring systems to strengthen financial control and governance.

- Development of performance self regulation framework.
- Ensure compliance with best practise procedures across the council.

Evidence to support statement:

- Brentwood Local Strategic Partnership Board.
- Policy Board, Overview and Scrutiny Committee and Audit Committee meetings.
- Risk Management Framework
- Performance Management Framework
- Annual internal and external audit reports
- Previous Annual Governance Statement

Significant governance issues

The above sets out the steps still required to strengthen the governance arrangements across the authority. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. It is clear that there are still a number of control and governance issues to be addressed, including the ongoing position with the financial systems, the overall impact of the economic climate, a significant level of change which will be experienced by the Council. The Council has a clear priority to ensure these arrangements continue to be strengthened and actions are in place to deliver against these.

Signed:
Leader of the Council of Brentwood Borough Council

Signed:
Chief Executive on behalf of Brentwood Borough Council

29/6/2011

MOVEMENT IN RESERVES STATEMENT

2009/10 FINANCIAL YEAR

This Statement shows the reconciliation of the opening Balance Sheet-Net Worth to the Closing Balance Sheet-Net Worth. The Net Increase or (Decrease) in Net Worth reflects the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The 'Adjustments between Accounting Basis and Funding Basis under regulation' show the conversion from the 'true economic cost' position to the statutory required position for council tax setting and dwelling rents setting purposes recorded respectively as 'General Fund' and 'HRA-Housing revenue Account'.

	Capital Adjustment Account	Financial Instrument Adjustment Account	Revaluation Reserve	Pension Reserve	Accumulated Absences Adjustment Account	Collection Fund Adjustment Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Earmarked Reserves	Housing Revenue Account	General Fund		TOTAL AUTHORITY RESERVES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Balance at 31 March 2009	194,504	(523)	13,822	(29,676)	(101)	126	6,931	0	515	268	1,691		187,557
Surplus/(deficit) on provision of services	0	0	0	0	0	0	0	0	0	3,463	(670)		2,793
Other Comprehensive I&E	0	0	11,281	(9,465)	0	0	0	0	0	0	0		1,816
TOTAL Comprehensive I&E	194,504	(523)	25,103	(39,141)	(101)	126	6,931	0	515	3,731	1,021		192,166
Financing of Capital Programme	3,320	0	0	0	0	0	(1,700)	(1,620)	0	0	0		0
Asset Sales at Book Value	(84)	0	0	0	0	0	84	0	0	0	0		0
Adjustments between accounting basis & funding basis under regulation	30 593	100	(305)	(1,670)	7	(54)	(1,053)	1,893	37	(2,897)	3,349		0
Balance at 31 March 2010	198,333	(423)	24,798	(40,811)	(94)	72	4,262	273	552	834	4,370		192,166

MOVEMENT IN RESERVES STATEMENT

2010/11 FINANCIAL YEAR

This Statement shows the reconciliation of the opening Balance Sheet-Net Worth to the Closing Balance Sheet-Net Worth. The Net Increase or (Decrease) in Net Worth reflects the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The 'Adjustments between Accounting Basis and Funding Basis under regulation' show the conversion from the 'true economic cost' position to the statutory required position for council tax setting and dwelling rents setting purposes recorded respectively as 'General Fund' and 'HRA-Housing revenue Account'.

	Capital Adjustment Account	Financial Instrument Adjustment Account	Revaluation Reserve	Pension Reserve	Accumulated Absences Adjustment Account	Collection Fund Adjustment Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Earmarked Reserves	Housing Revenue Account	General Fund		TOTAL AUTHORITY RESERVES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Balance at 31 March 2010	198,333	(423)	24,798	(40,811)	(94)	72	4,262	273	552	834	4,370		192,166
Surplus/(deficit) on provision of services	0	0	0	0	0	0	0	0	0	(10,666)	(1,309)		(11,975)
Other Comprehensive I&E	0	0	(6,630)	3,262	0	0	0	0	0	0	0		(3,368)
TOTAL Comprehensive I&E	198,333	(423)	18,168	(37,549)	(94)	72	4,262	273	552	(9,832)	3,061		176,823
Financing of Capital Programme	2,764	0	0	0	0	0	(713)	(2,051)	0	0	0		0
Asset Sales at Book Value	(204)	0	0	0	0	0	204	0	0	0	0		0
Adjustments between accounting basis & funding basis under regulation	30 (18,830)	79	(505)	4,639	(30)	(23)	(419)	1,916	501	11,311	1,361		0
Balance at 31 March 2011	182,063	(344)	17,663	(32,910)	(124)	49	3,334	138	1,053	1,479	4,422		176,823

COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT

2010/11

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations which is different from the resource accounting cost. The conversion to the taxation position is shown in the Movement in Reserves Statement.

Original Figures				Original Figures		
Gross Exp 2009/10 £'000	Gross Inc 2009/10 £'000	Net Exp. 2009/10 £'000	Notes	Gross Exp 2010/11 £'000	Gross Inc 2010/11 £'000	Net Exp. 2010/11 £'000
5,874	(4,769)	1,105	Central Services to the Public	6,013	(4,802)	1,211
10,514	(4,007)	6,507	Environmental, Cultural & Planning Services	13,257	(4,065)	9,192
2,788	(2,580)	208	Highways, Roads & Transport Services	2,595	(2,494)	101
15,738	(15,016)	722	Other Housing Services	16,816	(15,395)	1,421
1,867	(88)	1,779	Corporate & Democratic Core	2,604	0	2,604
1,202	(100)	1,102	Non Distributed Costs	(4,910)	0	(4,910)
37,983	(26,560)	11,423	SUB-TOTAL	36,375	(26,756)	9,619
6,629	(10,757)	(4,128)	Housing Revenue Account	22,201	(11,078)	11,123
0	(1,415)	(1,415)	VAT refund	0	0	(104)
604	0	604	Restructuring	0	0	0
0	(634)	(634)	Receipts in Advance Write Backs	0	0	0
0	(217)	(217)	Provisions Write Backs	0	0	0
0	(811)	(811)	Assizes Trust Write Back	0	0	0
45,216	(40,394)	4,822	10 Net Cost of Services	58,576	(37,834)	20,638
		(57)	11.4 (Gain)/Loss on disposal of fixed assets			(139)
		240	Parish Council precepts			255
		151	Discretionary assistance to Parish Councils			129
		339	20.2.1 Interest payable and similar charges			285
		515	Contributions of housing capital receipts to Government pool			263
		(109)	20.2.1 Interest and investment income			(196)
		2,278	Pension interest costs and expected return on pension assets			1,955
		8,179	Net Operating Expenditure			23,190
		(5,725)	Income from Collection Fund			(5,948)
		(1,021)	5 Government Grants not attributable to specific services			(702)
		(4,226)	Distribution from non-domestic rate pool			(4,565)
		(2,793)	(Surplus)/Deficit on Provision of Services			11,975
		(11,281)	(Surplus)/deficit arising on Revaluation of Non-Current Assets			6,630
		9,465	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities			(3,262)
		(1,816)	Other Comprehensive Income and Expenditure			3,368
		(4,609)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE			15,343

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2011

This statement details the Council's assets and liabilities as at 31 March 2011. The Net Assets of the Council are matched by the Reserves held. The Reserves are reported in two categories Usable and Unusable. The Unusable reserves are not available to provide services as they hold either illiquid resources or reflect the differences between 'true economic' and 'statutory' accounting as shown within the Movement in Reserves statement.

Restated 31 March 09 £'000	Restated 31 March 10 £'000	Notes		31 March 11 £'000
			<u>Property, Plant & Equipment</u>	
174,722	189,835	11.1&2	Dwellings	164,644
41,298	39,208	11.1&2	Land and Buildings	43,369
591	577	11.1&2	Infrastructure	670
1,650	1,729	11.1&2	Vehicles, Plant and Equipment	964
4,552	5,100	11.1&2	Investment Properties	4,802
1,325	1,865	11.1&2	Assets Under Construction	0
224,138	238,314		TOTAL PROPERTY PLANT & EQUIPMENT	214,449
371	937	17	Long Term Debtors	916
			<u>Current Assets:</u>	
275	211	18.1	Inventories	108
6,314	0	18.2	Temporary Investments	0
4,073	7,244	18.3	Debtors	9,937
235,171	246,706		TOTAL ASSETS	225,410
			<u>Current Liabilities:</u>	
(490)	(195)	14.1	Finance Leases	(119)
0	(1,000)	18.4	Short Term Borrowing	(2,000)
(30)	(31)	18.5	Deferred Liabilities	(29)
(7,577)	(3,602)	18.6	Creditors	(2,999)
(826)	(361)		Bank Overdraft	(944)
226,248	241,517		TOTAL ASSETS LESS CURRENT LIABILITIES	219,319
			<u>Less: Liabilities</u>	
(502)	(252)	14.1	Finance Leases	(65)
(7,216)	(7,222)	18.7	Long Term Borrowing	(7,222)
(705)	(674)	18.5	Deferred Liabilities	(645)
(97)	(152)	18.8	Government Grants Received In Advance	(977)
(257)	(240)	18.9	Deferred Capital Receipts	(240)
(29,676)	(40,811)	24.6	Liabilities relating to defined benefit pension scheme	(32,910)
(238)	0	19	Provisions	(437)
187,557	192,166		TOTAL ASSETS LESS LIABILITIES	176,823
			<u>FINANCED BY:</u>	
194,504	198,333	20.1	Capital Adjustment Account (Unusable)	182,063
(523)	(423)	20.2	Financial Instrument Adjustment Account (Unusable)	(344)
13,822	24,798	20.3	Revaluation Reserve (Unusable)	17,663
(29,676)	(40,811)	24.6	Pension Reserve (Unusable)	(32,910)
(101)	(94)	28	Accumulated Absences Adjustment Account (Unusable)	(124)
126	72	29	Collection Fund Adjustment Account (Unusable)	49
178,152	181,875		TOTAL UNUSABLE RESERVES	166,397
6,931	4,262	20.4	Capital Receipts Reserve (Usable)	3,334
0	273	HRA 5	Major Repairs Reserve (Usable)	138
515	552	20.5	Earmarked Reserves (Usable)	1,053
268	834	30	Housing Revenue Account (Usable)	1,479
1,691	4,370	30	General Fund (Usable)	4,422
9,405	10,291		TOTAL USABLE RESERVES	10,426
187,557	192,166		TOTAL NET WORTH	176,823

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2008/09 Financial Activity in Year £'000	2009/10 Financial Activity in Year £'000	2010/11 Financial Activity in Year £'000
(356)	3,633	1,694
	Net Cash (Inflow)/outflow from Operating Activities	
514	354 Interest Paid (Cash definition)	285
2	2 Interest element of Finance Leases	(3)
(793)	(133) Interest Received (Cash Definition)	(59)
(277)	223	223
	Net Cash (Inflow) from servicing of Financing	
2,943	3,320 Purchase of Fixed Assets (Cash definition)	2,764
(1,262)	(140) Sale of Fixed Assets (Cash definition)	(340)
(216)	(303) Capital Grants Received	(3,052)
1,465	2,877	(628)
	Net Cash (Inflow)/Outflow from Capital Activities	
832	6,733	1,289
	Net Cash (Inflow)/Outflow before Financing	
0	(2,250) Net Increase/decrease in Short Term deposits	0
0	(4,070) Net Increase/ decrease in Short Term investments	0
0	(1,000) Net Increase/ decrease in Short Term borrowing	(1,000)
30	30 Repayment of Borrowing & Deferred Liabilities	31
172	92 Repayment of Capital Element of Leases	263
202	(7,198)	(706)
	Total Management of Liquid Resources	
1,034	(465)	583
	TOTAL (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS	
	Represented by	
209	0 Cash & Bank	0
825	(465) Bank Overdraft	583
1,034	(465)	583
	TOTAL (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS	

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Judgements in Applying Accounting Policies

The Statement of Accounts has been prepared in accordance with the Accounting Policies.

The material judgements in relation to choice of Accounting Policies relate to the Valuation of Property, Plant & Equipment.

The majority of the Property, Plant & Equipment base is constituted by Social Housing Dwellings. The Department for Communities and Local Government guidance for Valuers permits two potential valuation methods: the Beacon Approach and the Discounted Cash Flow approach. The Council has chosen the Beacon Approach which groups properties according to their type and values them accordingly at Open Market Value, then applies a multiplication factor of 39% to reflect Existing Use (Social Housing). This valuation is substantially higher than that which would apply using the Discounted Cash Flow approach. Under the latter approach the Housing Revenue Account shows little or no surplus from year-to-year therefore the Valuation applied to Social Housing under this approach would be minimal and the Asset base of the Authority would consequently be less than 20% of its current level. A further material judgement is that concerning the threshold for subdividing Non-Land Assets into components. For this purpose the threshold has been set at £500,000 Net Book Value and to reflect components only when individually they constitute more than 30% of this total. The de-minimis of £500,000 has been chosen as the impact below this sum is immaterial.

Componentisation has not taken place on the Council Dwellings as guidance is awaited from government which is expected in 2011-12. Componentisation has taken place on other Council assets but there is no impact upon the financial statements for 2010-11 as the first post 1 April 2010 valuation took place on 31 March 2011 and the depreciation schedule in accordance with componentised valuations fore apply for the first time on 1 April 2011.

2. Bases of Estimation

Resource consumption & entitlement within the year is the determinant of charges or credits to the Comprehensive Income & Expenditure Account not simply when cash payments are made or received. In particular:

- * revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- * revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- * supplies are recorded as expenditure when they are consumed with the exception of small value items (other than those held in inventories) which are charged as expenditure when delivered.
- * expenses in relation to services received (including employees) are recorded as expenditure when the services are received rather than when payments are made.
- * interest receivable on investments and payable on borrowings is accounted for respectively as income & expenditure on the basis of the effective interest rate for the 'relevant financial instrument' rather than the cash flows fixed or determined by the contract. In this context the 'relevant financial instrument' determines the appropriate charge to the current years Comprehensive Income & Expenditure Account having regard to the totals charges payable over the whole life of the contract.
- * where Revenue and Expenditure have been recognised in the Comprehensive Income & Expenditure Account under the economic benefits or service potential convention but cash has not been transacted, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is reduced and a charge is made to the Comprehensive Income & Expenditure Account relating to the best available estimate of income that might not be collected.

NOTES TO THE CORE FINANCIAL STATEMENTS

3.2 Restated Balance Sheet as at 31 March 2010

BALANCE SHEET AS AT 31 MARCH 2010	Balance	Conversion	Introduction	Adjustments	Balance
	Sheet at	to Finance	of accumulated	re Other Gains	Sheet at
	31-Mar-10	Leases	absences	& Losses	31-Mar-10
	as per SORP			former STRGL	as per IFRS
	£'000	£'000	£'000	£'000	£'000
Property, Plant & Equipment					
Dwellings	189,835				189,835
Land and Buildings	39,208				39,208
Infrastructure	577				577
Vehicles, Plant and Equipment	1,146	583			1,729
TOTAL PROPERTY PLANT & EQUIPMENT	230,766	583			231,349
Investment Properties	5,100				5,100
Assets Under Construction	1,865				1,865
Long Term Debtors	937				937
Current Assets:	7,455				7,455
TOTAL ASSETS	246,123	583			246,706
Current Liabilities:					
Finance leases	(12)	(183)			(195)
Short Term Borrowing	(1,000)				(1,000)
Deferred Liabilities	(31)				(31)
Creditors	(3,508)		(94)		(3,602)
Bank Overdraft	(361)				(361)
TOTAL ASSETS LESS CURRENT LIABILITIES	241,211	400	(94)		241,517
Less: Liabilities					
Finance Leases	(24)	(228)			(252)
Govt. Grants received in advance	(283)			131	(152)
Other Liabilities	(48,947)				(48,947)
TOTAL ASSETS LESS LIABILITIES	191,957	172	(94)	131	192,166
FINANCED BY:					
Capital Adjustment Account (Unusable)	197,986	172		175	198,333
Financial Instrument Adjustment Account (Unusable)	(423)				(423)
Revaluation Reserve (Unusable)	24,832			(34)	24,798
Pension Reserve (Unusable)	(40,811)				(40,811)
Accumulated Absences Adjustment Account (Unusable)	0		(94)		(94)
Collection Fund Adjustment Account (Unusable)	72				72
TOTAL UNUSABLE RESERVES	181,656	172	(94)	141	181,875
Capital Receipts Reserve (Usable)	4,392			(130)	4,262
Major Repairs Reserve (Usable)	273				273
Earmarked Reserves (Usable)	552				552
Housing Revenue Account (Usable)	834				834
General Fund (Usable)	4,250			120	4,370
TOTAL USABLE RESERVES	10,301	0	0	(10)	10,291
TOTAL NET WORTH	191,957	172	(94)	131	192,166

NOTES TO THE CORE FINANCIAL STATEMENTS

3. First Time implementation of IFRS

3.1 Restated Balance Sheet as at 31 March 2009

As a result of the first time implementation of IFRS the Balance Sheet of the authority has been restated both at 31 March 2009 and 31 March 2010 relative to the position previously presented under UK GAAP as defined by the 2009 SORP (Statement of Recommended Practice on Local Government Accounting). The previously presented Balance Sheets, the replacement Balance Sheets and reasons for difference are shown below.

BALANCE SHEET AS AT 31 MARCH 2009	Balance	Conversion	Introduction	Balance
	Sheet at	to Finance	of accumulated	Sheet at
	31-Mar-09	Leases	absences	31-Mar-09
	as per SORP			as per IFRS
	£'000	£'000	£'000	£'000
Property, Plant & Equipment				
Dwellings	174,722			174,722
Land and Buildings	41,298			41,298
Infrastructure	591			591
Vehicles, Plant and Equipment	659	991		1,650
TOTAL PROPERTY PLANT & EQUIPMENT	217,270	991		218,261
Investment Properties	4,552			4,552
Assets Under Construction	1,325			1,325
Long Term Debtors	371			371
Current Assets:	10,662			10,662
TOTAL ASSETS	234,180	991		235,171
Current Liabilities:				
Finance leases	(35)	(455)		(490)
Deferred Liabilities	(30)			(30)
Creditors	(7,476)		(101)	(7,577)
Bank Overdraft	(826)			(826)
TOTAL ASSETS LESS CURRENT LIABILITIES	225,813	536	(101)	226,248
Less: Liabilities				
Finance Leases	(92)	(410)		(502)
Other Liabilities	(38,189)			(38,189)
TOTAL ASSETS LESS LIABILITIES	187,532	126	(101)	187,557
FINANCED BY:				
Capital Adjustment Account (Unusable)	194,378	126		194,504
Financial Instrument Adjustment Account (Unusable)	(523)			(523)
Revaluation Reserve (Unusable)	13,822			13,822
Pension Reserve (Unusable)	(29,676)			(29,676)
Accumulated Absences Adjustment Account (Unusable)	0		(101)	(101)
Collection Fund Adjustment Account (Unusable)	126			126
TOTAL UNUSABLE RESERVES	178,127	126	(101)	178,152
Capital Receipts Reserve (Usable)	6,931			6,931
Major Repairs Reserve (Usable)	0			0
Earmarked Reserves (Usable)	515			515
Housing Revenue Account (Usable)	268			268
General Fund (Usable)	1,691			1,691
TOTAL USABLE RESERVES	9,405	0	0	9,405
TOTAL NET WORTH	187,532	126	(101)	187,557

NOTES TO THE CORE FINANCIAL STATEMENTS

3.3 Restated Comprehensive Income & Expenditure Account & Fund Balances 2009/10

The £120,000 movement upon General Fund shown above derives from the following changes to Net Cost of Services, Comprehensive Income & Expenditure Account & Movement upon Fund Balances:

Net Cost of Services Expenditure:	2009/10	2009/10	
	as per SORP	as per IFRS	adjustment to A/c's
	£'000	£'000	£'000
Central Services to the Public	5,881	5,874	(7)
Environmental, Planning & Cultural	10,638	10,514	(124)
Non-Distributed Costs	1,188	1,251	63
Other	27,022	27,022	0
Net Cost of Services Income:			
Environmental, Planning & Cultural	(3,876)	(4,007)	(131)
Non-Distributed Costs	0	(100)	(100)
Other items	(33,210)	(33,210)	0
TOTAL NET COST OF SERVICES as declared in 2009/10 Accounts	7,643	7,344	(299)
Other items	(2,473)	(2,473)	0
TOTAL NET COST OF SERVICES as declared in 2010/11 Accounts	5,170	4,871	(299)
Other Operating Expenditure:			
Contributions of Housing Capital Receipts to government pool	106	515	409
Pension Interest Costs and expected return on Pension assets	2,560	2,278	(282)
Other 'Other Operating Expenditure'	565	565	0
Sources of Finance	(10,972)	(10,972)	
TOTAL SURPLUS/(DEFICIT) ON PROVISION OF SERVICES (A)	(2,572)	(2,744)	(172)
Fund Movements:			
Contributions of Housing Capital Receipts to government pool	(106)	(515)	(409)
Pension Interest Costs and expected return on Pension assets	(2,560)	(2,278)	282
Grant Financing	207	338	131
Transfer to Earmarked Reserve	0	37	37
Transfer to Accumulated Absences Reserve	0	7	7
Other Fund Movements for the year	1,905	1,909	4
TOTAL FUND MOVEMENTS (B)	(554)	(502)	52
TOTAL FUND (SURPLUS) FOR THE YEAR (A+B)	(3,126)	(3,246)	(120)
Represented by:			
HRA	(566)	(566)	0
General Fund	(2,560)	(2,680)	(120)
TOTAL FUND (SURPLUS) FOR THE YEAR (A+B)	(3,126)	(3,246)	(120)

NOTES TO THE CORE FINANCIAL STATEMENTS

4. Service & Agency Information

4.1 Trade Waste Collection Service

The Council operates a Trade Waste Collection Service for non domestic properties. The costs and income relating to this service are included in Environmental Services in the Income and Expenditure Account and summarised below.

<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
122	176	Employees	98
330	296	Other Expenditure	255
(647)	(570)	Income	(503)
(195)	(98)		(150)

4.2 Civil Parking Enforcement

The Council operates the parking enforcement in the Borough under an agency agreement with Essex County Council.

<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
473	418	Expenditure	411
(339)	(361)	Income	(371)
134	57		40

4.3 Highways Agency

The Council maintains highways on behalf of Essex County Council under an agency agreement.

<u>2008/09</u> Restated £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
747	527	Expenditure	382
(626)	(495)	Income	(357)
121	32		25

5. General Government Grants

<u>2008/09</u> £000	<u>2009/10</u> £000		<u>2010/11</u> £000
(633)	(976)	Revenue Support Grant	(663)
0	(45)	Area Based Grant	(39)
(633)	(1,021)	Total Government Grant (Income)	(702)

6. Members Allowances

The total for members' allowances paid in the year was £286,816 (2008/09 £318,670, 2009/10 £235,799), as detailed in Appendix 1

NOTES TO THE CORE FINANCIAL STATEMENTS

7. Officers' Remuneration

7.1 Senior Officers - Salary and Emoluments

2010/11								
Post holder information (Post title)	Name of Officer	Notes	Salary (Including fees & allowances) £	Compensation for loss of office £	Benefits in Kind £	Total remuneration excluding pension contributions 2010/11 £	Pension contributions £	Total remuneration including pension contributions 2010/11 £
Chief Executive Officer	J. Killian (shared service)	Note 1	30,000	0	0	30,000	0	30,000
Managing Director (Resources)	A. Crowe	Note 2	93,601	0	0	93,601	11,648	105,249
	J. Robins	Note 3	39,185	12,945	2,607	54,737	5,568	60,305
Director of Finance	T. Madden (Secondment)	Note 4	73,863	0	0	73,863	0	73,863
Head of Planning & Regulation	B.Fagg (Agency)	Note 5	120,482	0	0	120,482	0	120,482
Head of Sustainable Communities	J. Whelpdale		63,268	0	1,374	64,642	8,096	72,738
(Monitoring Officer)	B. Keane		74,919	0	2,960	77,879	9,590	87,469
Head of Resources (Section 151 Officer)	P. McKenzie		65,361	0	0	65,361	8,366	73,727
Head of Business Improvement	S. Summers		60,000	0	3,290	63,290	7,680	70,970
Total			620,679	12,945	10,231	643,855	50,948	694,803

Note 1. The CEO position is covered by an agency agreement with Essex County Council at a cost to the Council of £30,000 as a shared service.

Note 2: The Executive Director (Customer Services) was appointed the Managing Director on 1st October 2010. The former post was deleted from the staffing establishment.

Note 3. The Executive Director (Resources) was made redundant on 24th September 2010. The annualised remuneration was £105,000.

Note 4. The Council's Director of Finance is seconded from Essex County Council. He commenced on 1st August 2010 and the cost payable to Essex County Council for his services was £73,863 (representing a full year annualised amount of £110,794).

Note 5. The Head of Planning & Regulation was held by an interim (agency contract) during 2010/11 at a cost to the Council of £120,482.

7.2 Other Officers - Salary & emoluments above £50,000 per year

The number of employees whose remuneration, excluding employer's pension contribution, was £50,000 or more in band of £5,000 are shown below.

2008/09 Number of Employees	2009/10 Number of Employees	Earnings	2010/11 No. who left during year	2010/11 Number of Employees
8	4	£50,000 - £54,999	1	4
2	4	£55,000 - £59,999	1	2
-	-	£60,000 - £64,999	1	1
-	-	£65,000 - £69,999	-	-
-	-	£70,000 - £74,999	-	-
-	-	£75,000 - £79,999	-	-
-	-	£80,000 - £84,999	-	-
-	-	£85,000 - £89,999	-	-
-	-	£90,000 - £94,999	1	1

The figures included in the above table do not include staff who are included in the detailed analysis of Senior Officer's Remuneration

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Related Parties

International Financial Reporting Standard (IAS24) as modified for the Public Sector by IPSAS 20 concerns 'Related Party Disclosures'. IAS24 was designed to ensure that the financial statements contain the necessary disclosures to draw attention to the possibility that the reported financial position and results have been affected by the existence of related parties and by material transactions with any related parties. The disclosure information is intended to permit readers to judge the extent of any effect.

The Statement of Accounts already includes appropriate references to related parties such as central government, the pension fund, and other local and precepting authorities. However they do not include anything in relation to elected Members and senior management, for this purpose. Close family members or members of the same household are also regarded as related parties.

Senior officers and elected members have confirmed in writing there are no disclosures they need to make in relation to any transactions with bodies the Council has had commercial dealings. The declaration of interests confirms which Councilor is Brentwood representative on an outside body e.g. the Brentwood Leisure Trust. If a Councilor is a representative and business is being discussed the Councilor will declare an interest or seek advice from the Councils monitoring officer.

The Council provided financial assistance to the following organisations during 2010/11 that is considered to be material to those organisations:

Creditors	Debtors	Sum paid 2010/11	Name of supplier	Details of payment
£	£	£		
0	0	107,913	2E2 UK LTD	Software supply and support
0	0	104,704	ACTIVA CONTRACTS	Lease car scheme
(5,930)	0	102,878	BLACKMORE CONTRUCTION	Roofing contractor --- repairs and asbestos removal
(14,651)	83,900	913,029	BRENTWOOD LEISURE TRUST	Contract payment for management of the leisure centres and halls
(9,079)	0	936,576	CAPITA RESOURCING LTD	Payments for agency and tempoary and seasonal staff
(27,010)	0	731,674	ECONOGAS	Servicing Gas heating systems in council houses and sheltered housing; installation of central heating
0	0	284,602	EVANS & SHEA	Electrical contractors - rewiring council houses and communal areas in sheltered housing
(43,793)	0	171,826	HITACHI CAPITAL INVOICE FINANCE LTD	Vehicle leasing costs - refuse collection, street cleaning
(29,377)	0	238,039	HOUGHTON & SON	Electrical contractors - rewiring council houses
0	0	429,009	KIRKMAN & JOURDAIN	Planned housing maintenance; renewing bathrooms, kitchens, doors/windows
0	0	124,498	LAMBERT SMITH HAMPTON	Property Surveying & Consultancy - valuations required for the Councils balance sheet
(32,774)	29,604	264,425	NORTHGATE INFORMATION SOLUTIONS UK LTD	Revenues and benefits system maintenance - long term contract
0	0	487,458	OAKRAY	Installation of central heating systems/boiler replacement in council houses
(11,372)		290,785	PACE FUELCARE	Fuel for depot vehicles
(5,325)	0	222,390	PRICEWATERHOUSECOOPERS LLP	No win, no fee on reclaim of VAT from government
(2,326)	0	498,398	SALTASH ENTERPRISES	Planned housing maintenance; renewing bathrooms, kitchens, doors/windows
0	0	105,999	SG EQUIPMENT FINANCE LTD	lease of depot vehicles, grass cutters, sweepers etc
0	2,067	242,426	SOUTH ANGLIA HOUSING	Alteration works to Merrymeade House
0	0	194,930	THERMOSHIELD WINDOWS	Double glazing contractors --- installation of windows in Drake House
0	0	115,744	TRINITY CONSTRUCTION	Installation of guard rails on high buildings
(1,295)	19,925	461,704	ZURICH MUNICIPAL	Insurance premiums
(182,932)	135,496	7,029,007		

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council provided financial assistance to the following organisations during 2009/10 that is considered to be material to those organisations:

Creditors	Debtors	Sum paid 2009/10	Name of supplier	Details of payment
£	£	£		
0	0	109,409	ACCLAIM	Re-roofing Chichester House
0	0	199,155	ACTIVA CONTRACTS	Lease car scheme
0	0	142,979	BLACKMORE CONSTRUCTION	Roofing contractor --- repairs and asbestos removal
0	0	114,756	BPI.RECYCLED PRODUCTS	Waste recycling
0	131,135	466,854	BRENTWOOD LEISURE TRUST	Contract payment for management of the leisure centres and halls
(5,545)	0	289,643	BRITISH GAS BUSINESS	Utilities
(31,692)	769	710,324	CAPITA RESOURCING LTD	Interim Staff
0	6,502	108,298	CHG-MERIDIAN COMPUTER LEASING UK LTD	Lease of Computer Equipment
(6,845)	0	171,411	CORONA ENERGY RETAIL 4 LTD	Utilities
(2,562)	0	499,273	DENNIS EAGLE LTD	Maintenance and parts for Depot vehicles
(914)	0	720,318	ECONOGAS LTD	Servicing Gas heating systems in council houses and sheltered housing; installation of central heating
(682)	0	445,171	EVANS & SHEA LTD	Electrical contractors --- rewiring council houses and
(34,101)	0	106,805	F.J.BRITTEN LANDSCAPES LTD	Landscaping and grounds maintenance contractor
(1,609)	0	132,412	GLORCROFT LTD	Property maintenance
0	0	117,960	HAGS PLAY LIMITED	Play Equipment for playgrounds
0	0	115,581	HITACHI CAPITAL INVOICE FINANCE LTD	Newport Paper --- recycling waste paper
(11,670)	0	387,920	HOUGHTON & SON LIMITED	Electrical contractors --- rewiring council houses
0	28,148	107,112	KINGSTON COMMUNICATIONS	Maintenance Contract
(283,728)	0	311,638	KIRKMAN & JOURDAIN LTD	Planned housing maintenance; renewing bathrooms, kitchens, doors/windows
0	0	228,886	MACKIE CONTRACTORS LTD	Property maintenance
(4,418)	0	116,080	MORGAN LAW RECRUITMENT CONSULTANCY LTD	Temporary staff
0	0	587,557	OAKRAY LTD	Installation of central heating systems/boiler replacement in council houses
(9,706)	0	294,722	PACE FUELCARE LTD	Fuel for depot vehicles
0	0	118,088	PARKEON LTD	On-street parking equipment & maintenance
(167,421)	0	218,793	PRICEWATERHOUSECOOPERS LLP	No win, no fee on reclaim of VAT from government
0	0	210,433	R T ILEY LTD	Property maintenance
(283,728)	0	308,885	SALTASH ENTERPRISES LTD	Planned housing maintenance; renewing bathrooms, kitchens, doors/windows
0	2,917	179,472	SG EQUIPMENT FINANCE LTD	lease of depot vehicles, grass cutters, sweepers etc
0	0	271,015	SIEMENS FINANCIAL SERVICES LTD	Commercial Vehicle Rental
0	2,155	481,524	SOUTH ANGLIA HOUSING	Alteration works to Merrymeade House
(9,090)	0	128,877	TRINITY CONSTRUCTION SERVICES LTD	Installation of guard rails on high buildings
(853,711)	171,626	8,401,349		

Brentwood Citizen Advice Bureau – payment of £59,000 grant.

Brentwood Council for Voluntary Services payment of £10,000 grant

Parish Councils – The Council is the collection authority for the Precept they levy and the Council also awards Parish Councils Discretionary Assistance

Brentwood Leisure Trust – The Council pays the trust a management fee to manage the leisure centre and the Trust provides management services for the Council's Community Halls. The income shown below is considered to be material to the Trust.

The Council has entered into an agreement with Essex County Council to create a strategic partnership to improve two tier working. The objective is to improve service delivery and enhance the authorities understanding of each other. The Council's Chief Executive, Joanna Killian, also fulfills the role of Chief Executive for Essex County Council, providing strategic management and coordination under the terms of a contract for services. Brentwood Borough Council pays an agreed sum (£30,000 per annum) to Essex County Council in recognition of the role and time involved. The newly established Director of Finance (established August 2010) is currently filled by Tim Madden who is seconded from Essex County Council and for which the Council paid £90,920 to Essex County Council in 2010/11 (for 8 months full time work).

9. Audit Costs

2008/09 £'000 Restated	2009/10 £'000		2010/11 £'000
207	171	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	239
0	0	Fees payable to the Audit Commission in respect of statutory inspection	0
70	56	Fees payable to the Audit Commission for the certification of grant claims and returns	178
0	0	Fees payable in respect of other services provided by the appointed auditor	0
277	227		417

The 2010/11 fees include £87,284 of fees relating to 2009/10 (non grant and return certification) external audit services. In addition, unpaid 2010/11 fees amounting to £79,550 have been accrued into the 2010/11 figures.

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Segmental Reporting

The following Table analyses the 'Net Cost of Services' reported within the Council's Comprehensive Income & Expenditure Statement in accordance with the Council's Internal Reporting Management Structure:

2010/11	Employee Expenses	Other Direct Costs	Transfer Payments	Support Costs/Receipts	Depreciation /Impairment	Govt. Grants	Fees & charges	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Head of Sustainable Communities	3,591	2,531	327	(473)	429	(780)	(2,229)	3,396
Head of Planning & Regulation	2,455	355	392	1,216	486	(251)	(2,742)	1,911
Head of Resources	2,775	1,882	19,466	(996)	537	(19,145)	(365)	4,154
Head of Governance	490	418	0	(257)	10	0	(199)	462
Head of Business Improvement	493	109	0	(52)	0	0	(54)	496
Managing Director and Director of Finance	192	89	0	(281)	0	0	0	0
General Fund Technical Accounting Adjustments:								
Impairment	0	0	0	0	4,260	0	0	4,260
General Fund Past & Current Service Pension Costs	(3,942)	0	0	0	0	0	0	(3,942)
Other	68	1,202	(228)	0	0	(452)	(1,006)	(416)
Total General Fund	6,122	6,586	19,957	(843)	5,722	(20,628)	(6,595)	10,321
Housing Revenue Account before Past service Pension Costs	1,108	2,772	0	843	14,071	3,554	(11,106)	11,242
HRA Past & Current Service Pension Costs	(925)	0	0	0	0	0	0	(925)
TOTAL HRA	183	2,772	0	843	14,071	3,554	(11,106)	10,317
TOTAL NET COST OF SERVICES 2010/11	6,305	9,358	19,957	0	19,793	(17,074)	(17,701)	20,638

The comparator Table below analyses the 'Net Cost of Services' reported within the Council's Comprehensive Income & Expenditure Statement for the previous year 2009/10 in accordance with the Council's Internal Reporting Management Structure for 2010/11:

2009/10	Employee Expenses	Other Direct Costs	Transfer Payments	Support Costs/Receipts	Depreciation /Impairment	Govt. Grants	Fees & charges	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Head of Sustainable Communities	3,754	3,222	332	(217)	240	(1,038)	(2,080)	4,213
Head of Planning & Regulation	2,684	1,965	402	949	496	(1,055)	(3,325)	2,116
Head of Resources	2,930	1,585	18,526	(1,218)	30	(18,869)	(444)	2,540
Head of Governance	491	364	0	(374)	6	(0)	(164)	323
Head of Business Improvement	760	102	0	(16)	0	0	(13)	833
Managing Director and Director of Finance	40	10	0	(50)	0	0	0	0
General Fund Technical Accounting Adjustments:								
Impairment	0	0	0	0	594	0	0	594
General Fund Past & Current Service Pension Costs	845	0	0	0	0	0	0	845
Other	0	(2,897)	0	89	0	(3)	0	(2,811)
Total General Fund	11,504	4,351	19,260	(837)	1,366	(20,965)	(6,026)	8,653
Housing Revenue Account before Past service Pension Costs	902	3,027	0	837	(1,411)	3,406	(10,790)	(4,029)
HRA Past Service Pension Costs & unallocated	198	0	0	0	0	0	0	198
TOTAL HRA	1,100	3,027	0	837	(1,411)	3,406	(10,790)	(3,831)
TOTAL NET COST OF SERVICES 2009/10	12,604	7,378	19,260	0	(45)	(17,559)	(16,816)	4,822

The Council manages its assets and liabilities corporately therefore no segmental analysis of assets and liabilities is to be reported.

NOTES TO THE CORE FINANCIAL STATEMENTS

11. Summary of Capital Expenditure and Disposals & Revaluations

11.1 Movement on Property, Plant & Equipment and Other Assets 2010/11

	Property, Plant & Equipment						
	Total £'000	Council Dwellings £'000	Other Land and Bldgs. £'000	Infra- structure £'000	Vehicles Plant/Equip £'000	Asset under Construction £'000	Investment Properties £'000
<u>Cost or Valuation:</u>							
Restated - Balance 31 March 10	240,288	189,835	39,208	704	3,576	1,865	5,100
Transfers	0	0	2,127	80	(80)	(1,865)	(263)
Acquisitions	2,764	2,051	563	48	102	0	0
Disposals	(204)	(204)	0	0	0	0	0
Revaluation	6,265	0	6,195	0	0	0	70
Impairment	(31,834)	(27,006)	(4,724)	0	0	0	(105)
Balance 31 March 11	217,279	164,676	43,369	832	3,598	0	4,802
<u>Depreciation</u>							
Balance 31 March 10	(1,974)	0	0	(127)	(1,847)	0	0
Annual Charge	(3,682)	(1,948)	(912)	(35)	(787)	0	0
Disposals	2	2	0	0	0	0	0
Restatement following Re-valuation	2,826	1,914	912	0	0	0	0
Balance 31 March 11	(2,828)	(32)	0	(162)	(2,634)	0	0
Net Assets 31 Mar 11	214,449	164,644	43,369	670	964	0	4,802
Net Assets 31 Mar 10	238,314	189,835	39,208	577	1,729	1,865	5,100
Net Assets 31 Mar 09	224,138	174,722	41,298	591	1,650	1,325	4,552

11.2 Movement on Property, Plant & Equipment and Other Assets 2009/10

	Property, Plant & Equipment						
	Total £'000	Council Dwellings £'000	Other Land and Bldgs. £'000	Infra- structure £'000	Vehicles Plant/Equip £'000	Asset under Construction £'000	Investment Properties £'000
<u>Cost or Valuation:</u>							
Restated - Balance 31 March 09	225,591	174,722	41,298	704	2,990	1,325	4,552
Acquisitions	3,317	1,808	326	0	643	540	0
Disposals	(155)	(82)	0	0	(57)	0	(16)
Revaluation	10,007	9,752	(632)	0	0	0	887
Impairment	1,528	3,635	(1,784)	0	0	0	(323)
Balance 31 March 10	240,288	189,835	39,208	704	3,576	1,865	5,100
<u>Depreciation</u>							
Balance 31 March 09	(1,453)	0	0	(113)	(1,340)	0	0
Annual Charge	(3,354)	(1,922)	(911)	(14)	(507)	0	0
Disposals	1	1	0	0	0	0	0
Restatement following Re-valuation	2,832	1,921	911	0	0	0	0
Balance 31 March 10	(1,974)	0	0	(127)	(1,847)	0	0
Net Assets 31 Mar 10	238,314	189,835	39,208	577	1,729	1,865	5,100
Net Assets 31 Mar 09	224,138	174,722	41,298	591	1,650	1,325	4,552

The Council does not hold any heritage assets eg. works of art.

NOTES TO THE CORE FINANCIAL STATEMENTS

11.3 Capital expenditure and financing

<u>2008/09</u> £'000	<u>2009/10</u> <u>TOTAL</u> £'000		<u>2010/11</u> Capital Assets	<u>2010/11</u> REFCUS	<u>2010/11</u> <u>TOTAL</u> £'000
16,520	16,159	Opening Capital Financing Requirement			15,993
		Capital Expenditure			
2,977	2,780	Operational Assets	2,764	0	2,764
0	540	Non-Operational Assets	0	0	0
747	952	Revenue Expenditure Funded from Capital under Statute	0	856	856
3,724	4,272		2,764	856	3,620
		Financing			
(1,958)	(1,620)	Major Repairs Reserve	(2,051)	0	(2,051)
(249)	(345)	Borrowing	0	0	0
(1,414)	(1,970)	Capital Receipts	(706)	(532)	(1,238)
(119)	(337)	Government Grants and Other Contributions	(7)	(324)	(331)
(345)	(166)	MRP	(197)	0	(197)
(4,085)	(4,438)		(2,961)	(856)	(3,817)
16,159	15,993	Closing Capital Financing Requirement			15,796
		Explanation of Movements in the Year			
249	345	Increase in underlying need to borrow (supported by Govt. financial assistance)			0
(610)	(511)	Increase in underlying need to borrow (unsupported by Govt. financial assistance)			(197)
(361)	(166)	Increase/(Decrease) in Capital Financing Requirement			(197)

£856,571 of Revenue expenditure funded from Capital under Statute (REFCUS) was written off to the Income and Expenditure Account (£951,763 in 2009/10). This expenditure is shown here as it is monitored throughout the year within the Council's Capital Programme.

11.4 Loss or Surplus on the Disposal of Fixed Assets

<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
323	0	Value of Dwellings transferred to Housing Association (HRA)	0
253	83	Net Book Value of Dwellings sold under Right to Buy (HRA)	204
(453)	(141)	Sale Proceeds (HRA)	(344)
1	1	Costs associated with RTB sales	1
124	(57)	Total loss / (surplus) on the disposal of fixed assets (HRA)	(139)
794	0	Value of Other Sales (General Fund)	0
(826)	0	Sale proceeds (General Fund)	0
47	0	Costs of Other Sales (General Fund)	0
15	0	Total loss / (surplus) on the disposal of fixed assets (GF)	0
139	(57)	Total loss / (surplus) on the disposal of fixed assets	(139)

NOTES TO THE CORE FINANCIAL STATEMENTS

12. Commitments under Capital Contracts

The estimated value of significant commitment under capital contracts totalled some £362,000 as at 31 March 2011 (£545,000 as at 31 March 2010).

13. Information on Property held

31 Mar 09 Number	31 Mar 10 Total Number		31 Mar 11 GF	31 Mar 11 HRA	31 Mar 11 Total Number
2,556.7	2,555.7	Dwellings	12	2541.2	2553.2
1	1	Offices	1	0	1
3	3	Depot & Workshop	3	0	3
7	7	Car Parks	7	0	7
1	1	Multi-Storey Car Park	1	0	1
1	1	Leisure Centre (leased to BLT at peppercorn rent)	1	0	1
1	1	Arts Centres	1	0	1
18	18	Parks & Recreational Grounds	18	0	18
3	3	Cemeteries	3	0	3
6	6	Public Halls	6	0	6
1	1	Park Nursery	1	0	1
10	10	Communal Rooms	0	10	10
30	30	Commercial Properties (leased for a total annual rent of £135,000)	4	26	30

14. Leases - disclosure by lessees

14.1. Assets held under Finance Leases

The Council has use of computer equipment, vehicles, plan and equipment financed under the terms of finance leases. The value of assets held under finance leases are as follows:

All Vehicles, Plant & Equipment	Balance at 01 Apr '10 £'000	Additions/ charge for the year £'000	Disposals £'000	Balance at 31 March '11 £'000
Gross Book Value of assets under lease	1,872	0	0	1,872
Accumulated Depreciation	(1,290)	0	0	(1,290)
Depreciation for the Year	0	0	0	0
Net Book Value	582	0	0	582

The payment the Council are committed to make during the next year are analysed below:

2008/09 £'000	2009/10 £'000	Finance Lease obligations Payable between:	2010/11 £'000
(490)	(195)	1 year	(119)
(502)	(252)	2 - 5 years	(65)
(992)	(447)		(184)

The assets are depreciated by straight line over the life of the lease. Interest is calculated by sum of digits and the outstanding lease obligation is equal to its net book value.

15. Valuation of Property, Plant & Equipment

All General Fund non-dwelling assets & all Housing Revenue Account assets were valued by Lambert Smith Hampton on 31st March 2011 and included in the Balance Sheet at whatever valuation method is appropriate for the asset concerned (refer to Accounting Policy 2.9 for further details). General Fund dwellings were subject to an impairment assessment only. HRA Non-Dwelling assets (Shops and Garages) have been classified as Investment Properties.

The Valuer was Peter Whittington BSc(Hons) (MRICS) Associate Director and Head of Valuation at the company's Chelmsford office. Vehicles, Plant & Equipment are valued at Cost Price at the time of purchase.

16. Depreciation of Property, Plant & Equipment

The Valuation at 31st March 2011 included specific information on asset lives and split the value between land and buildings. The building costs of individual assets are depreciated over the assets useful life. In respect of Council Dwellings, the value of the building element is depreciated in accordance with the Major Repairs Allowance (equates to 65 years). Plant & Equipment is depreciated in accordance with a schedule determined at the time of purchase of the asset.

NOTES TO THE CORE FINANCIAL STATEMENTS

17. Long Term Debtors

Amounts due to the Council under mortgages granted for house and office purchase and improvements. are shown in the Balance Sheet under Deferred Capital Receipts, as disclosed in Note18.9.

Balance at 01 Apr '09 £000	Balance at 31 Mar 10 £000		Balance at 31 Mar 11 £000
Restated		Capital Debtors:	
43	26	Sales of Council Houses	26
214	214	Rent to Mortgages	214
		Revenue Debtors:	
0	613	Brentwood Leisure Trust	598
25	24	Loans to Voluntary Organisations	22
89	60	Car Purchase Loan Scheme	56
371	937	Total Long-term Debtors	916

18. Analysis of Net Assets Employed

18.1 Inventories

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
189	169	Stocks:	
13	22	Depot	80
18	20	Housing	12
		Fuel	16
220	211		108
55	0	Work-in-Progress:	
		Rechargeable Works	0
275	211	Total Stock and Work in Progress	108

18.2 Temporary Investments

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
Restated			
4,000	0	Fixed Rate Investments (Principal)	0
2,250	0	Variable Rate Investments (Principal)	0
64	0	Interest Receivable at Balance Sheet Date	0
6,314	0	Total Temporary Investments	0

Fixed Rate investments are deposits invested for a fixed period, up to 364 days , and Variable Rate investments are deposits that are repayable on demand.

18.3 Current Debtors

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
		Amounts falling due in one year	
837	4,847		
12	614	Government Departments	6,773
482	478	Local Authorities	1,044
939	498	Housing Rents	643
29	0	Prepayments	167
208	258	Agency Accounts	0
1,873	1,147	Council Tax Payers	277
4,380	7,842	Sundry	1,666
(307)	(598)		10,570
4,073	7,244	Provision for Doubtful Debts	(633)
		Total Debtors	9,937

NOTES TO THE CORE FINANCIAL STATEMENTS

18.4 Temporary Borrowing

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
0	(1,000)	Carmarthenshire County Council Northern Rock South Yorkshire Joint Secretariat	0 (1,000) (1,000)
0	(1,000)	Total Temporary Borrowing	(2,000)

18.5 Deferred Liabilities

Deferred liabilities are loans associated with assets which were transferred to the Council when the boundary changed.

31 Mar 09 £000	31 Mar 10 £000		31 Mar 11 £000
(240)	(232)	Chelmsford Borough Council	(224)
(495)	(473)	Epping Forest District Council	(450)
(735)	(705)	Total Deferred Liabilities	(674)
		Analysis by maturity:	
(30)	(31)	Payable within 1 year	(29)
(30)	(29)	Within 1-2 years	(29)
(91)	(88)	Within 2-5 years	(91)
(152)	(158)	Within 5-10 years	(159)
(432)	(399)	More than 10 years	(366)
(705)	(674)	Payable after more than 1 year	(645)

18.6 Creditors

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
(1,627)	(511)	Creditors	(259)
(1,070)	(403)	Government Departments	(412)
0	0	Local Authorities	(80)
0	(223)	Public Corporations	0
(80)	(117)	Pooled Budget Arrangements	0
(1,308)	0	Council Tax Payers	(526)
(1,741)	(1,141)	Assize House Trust Fund	0
		Sundry	(1,186)
0	0	Receipts In Advance	(95)
0	0	Government Departments	(138)
(20)	(74)	Local Authorities	(115)
(1,731)	(1,133)	Housing Rents	(188)
		Sundry	
(7,577)	(3,602)	Total Creditors (including Receipts In Advance)	(2,999)

18.7 Long Term Borrowing

31 Mar 09 £'000	31 Mar 10 £'000		Av. Interest Rate		31 Mar 11 £'000
(7,137)	(7,137)	Public Works Loan Board - Principle	1.70 - 8.875		(7,137)
(79)	(85)	Public Works Loan Board - Interest			(85)
(7,216)	(7,222)	Total Long Term Borrowing			(7,222)

An analysis of the PWLB loan maturity profile is shown below in the Liquidity Risk section of Note 20.2

NOTES TO THE CORE FINANCIAL STATEMENTS

18.8. Government Grants and Contributions Received In Advance

Government Grants and Contributions Received in Advance represents amounts received from Government departments. The contributions are used to finance Capital Expenditure as the projects proceed.

	Balance at 01 Apr 09 £'000	Balance at 01 Apr 10 £'000	Receipts in year £'000	Applied in year £'000		Balance at 31 Mar 11 £'000
Disabled Facilities Grant	0	0	(124)	124		0
Housing Grants	(97)	(152)	(38)	121		(69)
Section 106	0	0	(908)	0		(908)
Total Government Grants Received In Advance	(97)	(152)	(1,070)	245	0	(977)

18.9 Deferred Capital Receipts

These relate to amounts derived from the sale of assets, which will be received in instalments over agreed periods. They arise from mortgages on sale of Council houses. The Debtors are shown at Note 17 above. The liability shown here relates to the requirement to transfer the receipt to the Capital Receipts Reserve. When Loans are repaid by customers they are treated as capital receipts.

	Balance at 01 Apr 09 £'000	Balance at 01 Apr 10 £'000	New Advances £'000	Transfer to CRR in year £'000	Balance at 31 Mar 11 £'000
Right to Buy Mortgages	(43)	(26)	0	0	(26)
Rent to Mortgages	(214)	(214)	0	0	(214)
Total Deferred Capital Receipts	(257)	(240)	0	0	(240)

19. Provisions

	01 Apr 09 £'000	01 Apr 10 £'000	Amount (contributed)/utilised £'000	31 Mar 11 £'000
Lease provision	(220)	0	0	0
Provision for Govt Clawback of Housing Benefit Subsidy	0	0	(437)	(437)
Adjustment to Opening Balance	(18)	0	0	0
Total Provisions	(238)	0	0	(437)

Lease Provision covers the costs relating to the return condition of leased plant and equipment at the end of their contracts. Leases cover a period of 3 to 7 years and the value of the return condition depends on the condition, age and contracted conditions in the lease.

The new provision relates to recent adjustments in the Housing Subsidy Benefit Claim. The Section 151 Officer has made a prudent provision for potential clawback of Subsidy.

NOTES TO THE CORE FINANCIAL STATEMENTS

20. Reserves

20.1 Capital Adjustment Account

The Capital Adjustment Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements. It also includes revaluation adjustments that arose before 1st April 2008, the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal set against the resources that have been set aside to finance capital expenditure. The account cannot be used to support council tax or finance capital expenditure.

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 Orig £'000
430,231	194,504	Balance Brought forward	198,333
(219,106)	0	Restatement to reflect implementation of Social Housing EUV	0
(6,064)	0	Restatement to reflect corrected Fixed Asset Base	0
126	49	Restatement re Finance Leases	0
		Movements in Year:	
2,977	3,320	Financing of Capital Assets (from Note 11.3 above)	2,764
(3,145)	(2,947)	Depreciation of Fixed Assets	(3,420)
0	355	Depreciation of Fixed Assets to Revaluation Reserve re Current cost Element	504
(9,610)	3,025	Impairment (excluding Revaluation Reserve portion) - negative impairment in 2009/10	(16,111)
(576)	(149)	Disposal of Fixed Assets	(204)
(345)	166	Minimum Revenue Provision	197
16	10	Other	0
194,504	198,333	Balance Carried Forward	182,063

20.2 Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account allows for the differences in statutory requirements and proper accounting practice for borrowing and investments. The deferred premiums in this Account relate to the costs incurred from the early redemption of loans. The premium is charged to the General Fund over the life of the new loan or for 10 years for loans associated with the Housing Revenue Account.

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
(627)	(523)	Balance as at 1 April year start	(423)
		Movement in year:	
25	21	Deferred Premiums charged to HRA	0
79	79	Deferred Premiums charged to General Fund	79
(523)	(423)	Balance as at 31 March year end	(344)

20.2.1 Financial Instrument gains / losses

2008/09 £'000	2009/10 £'000		Financial Liabilities £'000	Financial Assets £'000	2010/11 TOTAL £'000
0	339	Interest Payable and similar charges	285	0	285
0	(109)	Interest and investment income	0	(196)	(196)
0	230		285	(196)	89

NOTES TO THE CORE FINANCIAL STATEMENTS

20.2.2 Fair Value of assets and liabilities carried at amortised cost

	31 March 2009		31 March 2010		31 March 2011	
	Carrying Amount £'000	Fair Value Restated £'000	Carrying Amount £'000	Fair Value Restated £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities						
PWLB debt	(7,216)	(9,034)	(7,222)	(8,796)	(7,222)	(8,849)
Other debt	0	0	(1,000)	(1,000)	(2,000)	(2,000)
Trade Payables	(1,821)	(1,821)	(1,258)	(1,258)	(1,246)	(1,246)
Total Financial Liabilities	(9,037)	(10,855)	(9,480)	(11,054)	(10,468)	(12,095)
Financial Assets						
Loans less than one year	6,314	6,314	0	0	0	0
Trade Receivables	2,563	2,563	1,883	1,883	2,587	2,587
Others (Brentwood Leisure Trust)	0	0	613	613	598	598
Total loans and receivables	8,877	8,877	2,496	2,496	3,185	3,185

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance sheet at amortised cost.

Their fair value can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instrument, using the following assumptions:

- The fair values of PWLB debt has been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates as at the balance sheet date and include accrued interest
- No early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair value of the financial liabilities is greater than the carrying amount because the Council has fixed rate loans where the interest rate payable is greater than the rates available for similar loans at the balance sheet date. Loans and receivables are less than 365 days and therefore the fair value has been assessed as not significantly different to the carrying amount.

20.2.3 Disclosure of the nature and extent of risks arising from financial instruments

The Council's activities expose it to a variety of financial risks:

- * Credit risk - is the possibility that other parties might fail to pay amounts due to the Council
- * Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- * Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit risk reflects the possibility that lending counterparties may fail to repay sums arising from short term lending of surplus funds to banks, building societies and other authorised institutions, in addition to credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks, building societies and other institutions whose credit ratings are independently assessed by the Moody's Ratings Agency, and to restrict lending to a prudent maximum amount for each institution. The Council's current policy is to limit deposits with the top 20 banks and building societies that meet the Moody standards shown below or higher to £ 2 million. Investments with other Local Authorities and Government's Debt Management Account Deposit Facilities are limited to £ 5 million for each of the following Moody ratings.

Moody's rating:

Minimum Short Term Measure P1
Minimum Long Term Measure A3
Financial Strength C

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year 2010/11 and the Council received full repayment on the due date of all deposits placed with its counterparties and the Council did not have any investments outstanding at year end.

As at 31 March 2011 the council had no investments however, credit risk exposure from trade debtors are as per the table below.

NOTES TO THE CORE FINANCIAL STATEMENTS

		Amounts as at 31 March 2011 £'000	Historical experience of default (%)	Adjustment for market conditions as at 31 March 2011 (%)	Estimated maximum exposure to default £'000
Deposits with banks and other financial institutions		0	0	0	0
Trade Debtors		2,587	21.26	21.26	550
Long Term Debtor (Brentwood Leisure Trust)		597	0	0	0
Total		3,184			550

The outstanding trade debtor balances as at 31 March 2011 can be analysed by age as follows:

Less than three months	£' 000
Three to six months	698
Six months to one year	244
More than one year	337
Total	1,309
	2,588

31 Mar 09 Restated £'000	31 Mar 10 TOTAL Net £'000		31 March 2011 Gross	31 March 2011 Bad Debt Prov		31 Mar 11 TOTAL Net £'000
175	191	Council Tax	278	(60)		218
360	183	Dwelling Rent	643	(231)		412
1,721	1,525	Sundry Invoices	1,666	(319)		1,347
2,256	1,899	Total	2,587	(610)		1,977

Liquidity Risk

As the Council has ready access to borrowing from the Public Works Loan Board, there is no significant risk that it will be unable to raise finances to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates , of which the council is putting measures in place to meet.

The maturity structure of financial liabilities as at the 31 March is as follows:

	£' 000
Less than 1 year	2,722
Between 1 and 2 years	2,500
Between 2 and 15 years	0
Between 15 and 20 years	400
Between 40 and 45 years	800
More than 45 years	800
Total	7,222

Market Risk

Interest Rate Risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movement in interest rate have an impact on the Council's finances. For instance, a rise in interest rate would have the following effects:

- Borrowing at variable rate - the interest expense charged to the Comprehensive Income and Expenditure Account would rise
- Borrowing at fixed rate - the fair value of the liabilities borrowings will fall
- Investments at variable rate – the interest credited to the Comprehensive Income and Expenditure Account will rise
- Investments at fixed rate – the fair value of the assets will fall

NOTES TO THE CORE FINANCIAL STATEMENTS

Borrowings and investments are not carried at fair value, so nominal gains and losses of fixed rate borrowings would not impact on the Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Account and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstance makes it favourable, fixed rate loans will be repaid early to limit exposure losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The Council has an effective strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

At 31 March 2011, the Council had no variable loans therefore if the interest rates had been 1% higher (with all other variables constant) there would have been no effect on the Income and Expenditure account. All of the Council's borrowing is at a fixed rate therefore there is no exposure to market interest rate risk for interest payable.

Foreign exchange and price risk

The Council is not exposed to price risk or foreign exchange risk as no equity shares or financial assets or liabilities in denominations of foreign currency are held.

20.3 Revaluation Reserve

The Revaluation Reserve records the net gain from certified revaluations of property made after 1 April 2007 and was opened with a Nil Balance at that date. Each year the account is supplemented with further upward valuations. The accumulated balance arising from revaluations is partially offset on an individual asset basis by subsequent Depreciation, Impairment and/or disposal of the assets concerned.

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
0	13,822	Balance as at 1 April year start	24,798
13,822	9,998	Increase in valuation	6,265
0	2,832	Restatement of Depreciation upon Revaluation	2,828
0	(1,492)	Impairment charged to Revaluation Reserve	(15,724)
0	(355)	Excess of Current Cost over Historical cost Depreciation	(504)
0	(7)	Write off of Revaluation Reserve upon Disposal	0
13,822	24,798	Balance as at 31 March Year End	17,663

20.4 Useable Capital Receipt Reserve

The Useable Capital Receipt Reserve holds the proceeds of fixed asset sales available to meet future capital investment.

31 Mar 09 £'000	31 Mar 10 £'000		31 Mar 11 £'000
6,955	6,931	Balance as at 1 April Year Start	4,262
		<u>Movement in year:</u>	
1,279	141	Amount Arising From Sale of Assets	344
15	17	Amount Arising From Mortgages	0
249	(345)	Supported Borrowings	0
(1,415)	(1,970)	Amount Applied - (agrees to Note 11.3 above)	(1,238)
(48)	0	Costs associated with RTB sales	0
(200)	(512)	Appropriation to Revenue to meet payments to Capital Receipt Pool	(263)
0	0	Adjustment for Nightingale Centre	228
96	0	Other	1
6,931	4,262	Balance as at 31 March Year End	3,334

NOTES TO THE CORE FINANCIAL STATEMENTS

20.5 Earmarked Reserves

Balance 31 Mar 09	Balance 31 Mar 10		Balance 31 Mar 10	Transfers To	Transfers From	Transfers	Balance 31 Mar 11
£'000	£'000		£'000	£'000	£'000	£'000	£'000
218	255	Piper Life Line	255	13	0	0	268
297	297	Insurance Claims	297	0	0	0	297
0	0	Insurance Risk Management	0	7	0	0	7
0	0	Duchess of Kent / Nightingale Sec106	0	386	0	0	386
0	0	Economic Development	0	30	0	0	30
0	0	Climate Change	0	7	0	0	7
0	0	Environmental change reserve	0	16	0	0	16
0	0	Taxi Licensing	0	60	(39)	0	21
0	0	Building Control	0	21	0	0	21
515	552	Total Earmarked Reserves	552	540	(39)	0	1,053

Piper Life Line is an account for the emergency call alarm system operated by the Council. The reserve is made up of Government Grant and resident contributions to renew and maintain equipment.

Insurance Claims is in relation to the Council's previous insurers (Municipal Mutual Insurance) whom are in a Scheme of Arrangement. The earmarked reserve is an estimate for when it may be necessary to cover both claims that are in the process of settlement

Insurance risk management is the council's insurers contribution to improved risk management.

Duchess of Kent / Nightingale Sec106 sum provided for the grounds maintenance of the new housing development.

Economic Development Government reward grant which will be used to fund projects in 2011/12

Climate change & environmental change - Projects commenced in 2010/11 due to be completed in 2011/12

Taxi Licencing / building control - These are trading accounts which balance to zero over three financial years. Any surplus is taken into account when setting future years fees and charges

21. Authorisation for Issue

A Statement of Accounts was originally authorised for issue by the Head of Resources on 29th June 2011.

22. Material Events Post Balance Sheet Date

From the Balance Sheet date to the date of issue there are no material events to report.

23. Funds held on behalf of third parties

As at the Balance Sheet date Brentwood Borough Council acts as exchequer for the Assize House Trust Fund. All balances relating to the Trust are excluded from the Council's Accounts.

24. Defined Benefit Pension Scheme

24.1 Participation in Pension Scheme

As part of the terms and conditions of employment of its officers and employees, the Council offers retirement benefits. Although these benefits will not actually be paid until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The council participates in the Essex County Council Pension Fund ("the Fund"), which is administered by Essex County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. This is a funded scheme, meaning that the Council and employees pay contributions to the fund, calculated at a level intended to balance the pension liabilities with investment assets.

NOTES TO THE CORE FINANCIAL STATEMENTS

24.2 Transactions relating to retirement benefits

The council recognises the cost of retirement benefits in the 'Net Cost of Services' (in the Income and Expenditure Account) when they are earned by employees, rather than when the benefits are actually paid as pension. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so that the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on General Fund Balance during the year:

24.3 Pension Fund Income & Expenditure Account

<u>2006/07</u> £'000	<u>2007/08</u> £'000	<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
1,561	1,324	1,480	829	<u>Net Cost of Services:</u>	
123	644	54	0	Current Service Cost	1,214
4	0	110	1,043	Past Service Cost	(5,239)
				Curtailment Costs	0
1,688	1,968	1,644	1,872		(4,025)
				<u>Net Operating Expenditure:</u>	
(3,068)	(3,572)	(3,258)	(2,204)	Expected Return on assets	(3,158)
3,686	4,032	4,918	4,765	Interest on Pension Liabilities	5,113
618	460	1,660	2,561		1,955
2,306	2,428	3,304	4,433	Net Charge to the Income and Expenditure Account	(2,070)

24.4 Present Value of the Scheme Liabilities

<u>31-Mar-07</u> £000s	<u>31-Mar-08</u> £000s	<u>31-Mar-09</u> £000s	<u>31-Mar-10</u> £000s		<u>31-Mar-11</u> £000s
(75,553)	(75,033)	(81,242)	(68,653)	Balance as at 1 April	(91,777)
(1,561)	(1,324)	(1,480)	(829)	Current Service Cost	(1,214)
(3,686)	(4,032)	(4,918)	(4,765)	Interest Cost	(5,113)
n/a	(489)	(534)	(460)	Contributions by Scheme Participants	(437)
(123)	(644)	(54)	0	Past Service Costs	5,239
n/a	(2,278)	16,448	(20,406)	Actuarial Gain / (Losses) on Liabilities	5,688
(4)	0	(110)	(1,043)	Curtailments	0
n/a	2,558	3,237	4,379	Benefits / Transfers paid	2,581
(75,033)	(81,242)	(68,653)	(91,777)	Balance as at 31 March	(85,033)

24.5 Fair Value of the Scheme Assets

<u>2006/07</u> £000s	<u>2007/08</u> £000s	<u>2008/09</u> £000s	<u>2009/10</u> £000s		<u>2010/11</u> £000s
50,858	54,550	49,736	38,977	Balance as at 1 April	50,966
3,068	3,569	3,258	2,487	Expected Rate of Return	3,158
n/a	(8,749)	(13,887)	10,941	Actuarial Gain / (Losses)	(2,426)
2,234	2,435	2,573	2,480	Employer Contributions	2,569
n/a	489	534	460	Contributions by scheme Participants	437
n/a	(2,558)	(3,237)	(4,379)	Benefits / transfers paid	(2,581)
54,550	49,736	38,977	50,966	Balance as at 31 March	52,123

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

NOTES TO THE CORE FINANCIAL STATEMENTS

24.6 Pensions Reserve

<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>		<u>2010/11</u> Bal at Year Start	<u>2010/11</u> movement in Year	<u>2010/11</u> Bal at Year End
£000s	£000s	£000s	£000s		£000s	£000s	£000s
(75,033)	(81,242)	(68,653)	(91,777)	Present Value of Liabilities (refer to Note 24.4 above)	(91,777)	6,744	(85,033)
54,550	49,736	38,977	50,966	Fair Value of Assets (refer to Note 24.5 above)	50,966	1,157	52,123
(20,483)	(31,506)	(29,676)	(40,811)		(40,811)	7,901	(32,910)

Further information can be found in the Councils Pension Fund Annual Report, which is available upon request from: The Pension Manager, Essex County Council (Pension Division) County Hall, Chelmsford, Essex, CM1 1JZ

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total net liability of £40.811million has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet Statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees assessed by the scheme actuary.

24.7 Basis for estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. The fund liabilities have been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2010.

The main assumptions used in their calculations are shown below.

<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>		<u>2010/11</u>
3.10%	3.60%	3.30%	3.30%	Rate of Inflation	3.40%
4.40%	5.10%	4.80%	4.80%	Rate of Increase in Salaries	4.40%
3.10%	3.60%	3.30%	3.30%	Rate of Increase in Pensions	2.90%
5.40%	6.10%	7.10%	5.60%	Rate for Discounting Scheme Liabilities	5.50%
50.00%	50.00%	50.00%	50.00%	Take-up of option to convert annual pension into retirement lump sum	50.00%
				Long-term expected rate of return on assets in the scheme:	
7.50%	7.50%	7.50%	7.50%	Equity Investments	7.50%
4.70%	4.60%	4.00%	4.50%	Government Bonds	4.40%
5.40%	6.10%	6.00%	5.20%	Other Bonds	5.10%
6.50%	6.50%	6.50%	6.50%	Property	6.50%
5.25%	5.25%	0.50%	0.50%	Cash/Liquidity	0.50%
N/A	N/A	N/A	7.50%	Other	7.50%
				Mortality Assumptions:	
years	years	years	years	Longevity Assumptions at 65 for current pensioners	years
N/A	22.0	22.0	22.1	Men	22.6
N/A	24.8	24.9	25.0	Women	25.2
years	years	years	years	Longevity Assumptions at 65 for future pensioners	years
N/A	22.2	22.2	23.1	Men	24.0
N/A	23.1	23.1	25.9	Women	26.8

NOTES TO THE CORE FINANCIAL STATEMENTS

24.8 Assets held by the Pension Fund

The Fund's assets consist of the following asset classifications:

31-Mar-07 £000s	31-Mar-08 £000s	31-Mar-09 £000s	31-Mar-10 £000s		31-Mar-11 £000s
37,841	34,949	29,037	34,402	Equity Investments	32,505
5,406	4,680	3,391	4,026	Government Bonds	3,452
3,440	3,286	2,066	5,097	Other Bonds	2,627
6,826	5,327	3,820	4,740	Property	5,770
1037	1,488	663	2,701	Cash/Liquidity	1,597
0	0	0	0	Other	5,564
54,550	49,730	38,977	50,966	Total assets held	51,515

The Fund's assets consist of the following categories, by proportion of the total assets held by the fund:

31-Mar-07 %	31-Mar-08 %	31-Mar-09 %	31-Mar-10 %		31-Mar-11 %
74.5	61.4	74.5	61.4	Equity Investments	63.1
8.7	7.9	8.7	7.9	Government Bonds	6.7
5.3	5.4	5.3	5.4	Other Bonds	5.1
9.8	9.3	9.8	9.3	Property	11.2
1.7	5.3	1.7	5.3	Cash/Liquidity	3.1
0	10.7	0	10.7	Other	10.8
100	100	100	100	Total	100

25. Reconciling the net surplus on the I & E Account to the revenue activities net cash flow

2008/09 Financial Activity in Year £'000	2009/10 Financial Activity in Year Orig £'000	CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2011			2010/11 Financial Activity in Year £'000
13,999	(2,793)	Deficit / (Surplus) on Provision of Services			11,975
33	54	Deficit / (Surplus) on Collection Fund Adjustment Account			(23)
(10,809)	81	Non-Cash - depreciation & impairment			(19,794)
(124)	57	Transfer of Gain/(Loss) upon Fixed Asset Sale to 'Cash Flow from Capital Activities'			139
(901)	(1,671)	Pensions Charges to I&E not discharged as Cash			4,639
0	0	Capital Grants transferred to 'Capital Activities' on Cash Flow Statement			2,144
(829)	252	Other Non Cash Adjustments			223
		Items on an accruals basis:			
12	238	Decrease/(Increase) in Provisions			(437)
(23)	566	(Decrease)/Increase in Long Term Debtors			(21)
63	(64)	decrease in Stocks & WIP			(103)
(1,670)	3,171	Increase in Debtors			2,693
(315)	3,975	Decrease in Creditors			348
(559)	(330)	Interest Payable (Accrued basis)			(285)
767	97	Interest Receivable (Accrued basis)			196
(356)	3,633	Net Cash (Inflow)/outflow from Operating Activities			1,694

NOTES TO THE CORE FINANCIAL STATEMENTS

26. A Reconciliation of Liquid Resources

01 Apr 09 £'000	31 Mar 10 £'000		01 Apr 10 £'000	31 Mar 11 £'000	Movement £'000
4,000	0	Short Term Investments	0	0	0
2,250	0	Short Term Deposits	0	0	0
64	0	Interest Receivable	0	0	0
6,314	0		0	0	0

The Council's investments are analysed as either short term investments or short term deposits for the purpose of the cashflow statement. Short term investments are those which are immediately available, for example held on call accounts, or can be accessed at short notice.

27. Contingent Liabilities

Single Status Review

The Council has yet to commence it's Single Status Review (Equal Pay). As the Council are committed to undertake this review, the matter is included as a contingent liability within the accounts as presently an obligation exists as a result of a past event (legislative requirement to undertake a review) but it is not presently possible to determine if a transfer of economic benefit is required and consequently a reliable estimate cannot be formed.

Municipal Mutual Insurance (MMI).

There is a risk surrounding the financial status of MMI.

Whilst MMI's administrator is presently forecasting a solvent run off, should this situation change, the Council would be liable for all amounts payable to claimants in respect of presently unsettled claims (presently estimated at £297,000).

As the Council are committed to make these payments in the event of an insolvent run off, the matter should be included as a contingent liability within the accounts as presently an obligation exists as a result of a past event but it is not presently possible to determine if a transfer of economic benefit is required and consequently a reliable estimate cannot be formed.

The Council have created an Earmarked Reserve for £297,000.

28. Accumulated Absences Adjustment Account

This Account represents the contra to the accrual for outstanding staff absences charged to the Comprehensive Income & Expenditure Account. The Total Amount charged of £124,000 (£94,000 in 2009/10) represents the financial value of outstanding staff annual leave of £102,000 which equates to 1.07% of the annual establishment staff pay bill in addition to £22,000 to cover the cost of maternity and long term sick leave payable in 2011/12 prior to the return to work of the relevant members of staff.

29. Collection Fund Adjustment Account

This Account represents the authorities own share of the Accumulated Collection Fund Surplus at the Balance Sheet date of £49,000 (£72,000 in 2009/10).

NOTES TO THE CORE FINANCIAL STATEMENTS

30. Housing Revenue Account & General Fund Balance

HRA	GF	TOTAL		HRA	GF	TOTAL
31-Mar-10	31-Mar-10	31-Mar-10		31-Mar-11	31-Mar-11	31-Mar-11
£'000	£'000	£'000		£'000	£'000	£'000
268	1,691	1,959	OPENING BALANCE BROUGHT FORWARD (A)	834	4,370	5,204
(2,717)	6,811	4,094	Net Cost of Services - Direct Service Costs	(2,948)	6,204	3,256
2,174	1,180	3,354	Net Cost of Services - Depreciation	2,220	1,462	3,682
(3,585)	551	(3,034)	Net Cost of Services - Impairment	11,851	4,260	16,111
0	(2,473)	(2,473)	Net Cost of Services - Other Items	0	(104)	(104)
90	1,689	1,779	Net Cost of Services - Democratic Core Costs	189	2,414	2,603
198	904	1,102	Net Cost of Services - Non Distributed Costs	(995)	(3,915)	(4,910)
(3,840)	8,662	4,822	TOTAL NET COST OF SERVICES	10,317	10,321	20,638
377	2,981	3,358	Other Operating Expenditure	349	2,203	2,552
0	(10,972)	(10,972)	Core Sources of Finance	0	(11,215)	(11,215)
(3,463)	671	(2,792)	TOTAL (SURPLUS)/DEFICIT ON PROVISION OF SERVICES (B)	10,666	1,309	11,975
FUND MOVEMENTS CHARGEABLE TO COUNCIL TAX & HOUSING RENTS NOT REFLECTED IN I&E:						
(2,003)	(588)	(2,591)	Depreciation to Capital Adjustment Account	(1,879)	(1,299)	(3,178)
3,585	(551)	3,034	Impairment to Capital Adjustment Account	(11,851)	(4,260)	(16,111)
	166	166	Minimum Revenue Provision to Capital Adjustment Account	0	197	197
	(16)	(16)	Other Adjustments to Capital Adjustment Account	0	262	262
1,582	(989)	593	TOTAL TO CAPITAL ADJUSTMENT ACCOUNT (D)	(13,730)	(5,100)	(18,830)
22	77	99	Deferred Premiums to Financial Instruments Adjustment Account (E)	0	79	79
(171)	(184)	(355)	Depreciation to Revaluation Reserve	(342)	(163)	(505)
	50	50	Other Adjustments to Revaluation Reserve	0	0	0
(171)	(134)	(305)	TOTAL TO REVALUATION RESERVE (F)	(342)	(163)	(505)
(169)	(576)	(745)	REFCUS to Capital Receipts Reserve	(162)	(362)	(524)
57		57	Gain on Sale of Fixed Assets to Capital Receipts Reserve	140	0	140
	(512)	(512)	Amount Payable to Housing Capital Receipt Pool from Capital Receipts Reserve	0	(263)	(263)
			Income Received to Capital Receipts Reserve	0	228	228
0	147	147	Other Adjustments to Capital Receipts Reserve	0	0	0
(112)	(941)	(1,053)	TOTAL TO CAPITAL RECEIPTS RESERVE (G)	(22)	(397)	(419)
(317)	(1,353)	(1,670)	Remove Pension Charges not chargeable under statute to Pensions Reserve (H)	882	3,757	4,639
1,893		1,893	Depreciation of Housing Dwellings from Major Repairs Reserve (J)	1,916		1,916
0	37	37	Transfer to Earmarked Reserves (K)		501	501
0	(54)	(54)	Authority's share of Collection Fund Income to Collection Fund Adjustment Account (L)		(23)	(23)
0	7	7	Transfer to Accumulated Absences Adjustment Account (M)	(15)	(15)	(30)
2,897	(3,350)	(453)	TOTAL FUND MOVEMENT (N) =D+E+F+G+H+J+K+L+M	(11,311)	(1,361)	(12,672)
566	2,679	3,245	SURPLUS / (DEFICIT) FOR THE YEAR (-B-N) = (P)	645	52	697
834	4,370	5,204	CLOSING BALANCE CARRY FORWARD (A+P)	1,479	4,422	5,901

HOUSING REVENUE ACCOUNT 2010/11

<u>2009/10</u>		<u>2010/11</u>
£'000	Notes	£'000
	Income	
(9,626)	Dwelling Rents (gross)	(9,746)
(550)	Non Dwelling Rents (gross)	(578)
(581)	Charges for services & facilities	(793)
(10,757)	Total Income	(11,117)
	Expenditure	
	Repairs, maintenance and management	
2,466	Repairs & maintenance	2,465
1,984	Supervision & management	2,170
37	Rent, rates, taxes & other charges	35
157	Increased provision for bad debt	(16)
3,406	HRA8 Negative subsidy payable to the Secretary of State	3,515
(1,412)	HRA3 Depreciation and impairment of property	14,071
6,638	Total Expenditure	22,240
	Net Cost of Services included in the whole authority Income and Expenditure Account	11,123
(4,119)		
90	HRA services share of Corporate and Democratic Core	189
198	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services	(995)
(3,831)	Net Cost of HRA Services	10,317
(57)	11.3 Loss/(gain) /on sale of HRA fixed assets	(139)
433	Pension interest cost and expected return on pensions assets	371
7	Interest payable and similar charges	142
(5)	Interest and Investment Income	(24)
(3,453)	Deficit / (Surplus) for the Year for HRA services	10,667

Movement of HRA balance

<u>2009/10</u>		<u>2010/11</u>
£'000	Notes	£'000
(268)	Housing Revenue Account Balance brought forward	(834)
(3,453)	Deficit/(surplus) for the year on the HRA Income and Expenditure Account	10,667
2,887	HRA1 Net additional amount required by statute and non- statutory proper practices to be taken into account in determining the movement in the Housing Revenue Account balance	(11,311)
(566)	Decrease/(increase) in Housing Revenue Account Balance for the year	(644)
(834)	Housing Revenue Account Balance carried forward	(1,478)

Notes to Housing Revenue Account

1. Statement of Movement on HRA balances

2009/10 £'000				2010/11 £'000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on HRA balance for the year			
3,304	Depreciation & impairment on fixed assets			(12,155)
57	(Loss)/gain on sale of fixed assets			139
(317)	Amount by which pension costs calculated in accordance with the Code of Practice are different from the contributions due under the pension scheme regulations			882
21	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code of Practice and those determined in accordance with statute			0
(9)	Amount relating to accumulated staff absences costs calculated in accordance with the Code of Practice not chargeable under statute			(15)
3,056				(11,149)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the movement on HRA balance for the year			
(169)	Capital expenditure funded by the Housing Revenue Account			(162)
2,887	Total movement			(11,311)

2. Housing Stock

2008/09 Number	2009/10 Number			2010/11 Number
		FLATS		
605	605	1 Bedroom		605
512	512	2 Bedroom		512
62	62	3 Bedroom		62
		HOUSE/BUNGALOWS		
290	290	1 Bedroom		290
403	403	2 Bedroom		402
650	649	3 Bedroom		648
14	14	4 Bedroom		14
		EQUITY SHARE		
6.7	6.7	1 Bedroom		6.2
2.0	2.0	2 Bedroom		2.0
0.0	0.0	3 Bedroom		0.0
0.0	0.0	4 Bedroom		0.0
2,544.7	2,543.7	TOTAL		2,541.2

Notes to Housing Revenue Account

3. HRA Property, Plant & Equipment

2008/09 Total £'000	2009/10 TOTAL £'000		Dwellings £'000	Other Assets £'000	2010/11 TOTAL £'000
173,028	172,470	Opening NBV at 01 April Year Start:	187,362	0	187,362
7,560	9,422	Land & Dwellings	0	9,746	9,746
180,588	181,892	Other property	187,362	9,746	197,108
		Total Opening NBV			
(7,034)	9,547	Revaluation Upon Gross Book Value	0	0	0
1,248	601	Land & Dwellings	0	20	20
		Other property	0		
(5,786)	10,148	Total Revaluation for the Year	0	20	20
		Acquisitions			
2,170	1,795	Land & Dwellings	2,051	0	2,051
0	0	Other property	0	0	0
2,170	1,795	Total Acquisitions for the Year	2,051	0	2,051
		Disposals			
(576)	(83)	Land & Dwellings	(204)	0	(204)
0	0	Other property	0	0	0
(576)	(83)	Total Disposals for the Year	(204)	0	(204)
		Depreciation for the Year			
(2,278)	(1,893)	Land & Dwellings	(1,916)	0	(1,916)
(175)	(282)	Other property	0	(304)	(304)
(2,453)	(2,175)	Total Depreciation for the Year	(1,916)	(304)	(2,220)
		Depreciation restatement upon Revaluation:			
11,464	1,893	Land & Dwellings	1,914	0	1,914
937	282	Other property	0	304	304
12,401	2,175	Total Depreciation Restatement for the year	1,914	304	2,218
		Depreciation restatement upon Disposal:			
0	0	Land & Dwellings	2	0	2
0	0	Other property	0	0	0
0	0	Total Depreciation Restatement for the year	2	0	2
		Impairment charged in the year:			
(4,304)	3,633	Land & Dwellings	(27,006)	0	(27,006)
(148)	(277)	Other property	0	(9)	(9)
(4,452)	3,356	Total Impairment for the year	(27,006)	(9)	(27,015)
(6,905)	1,181	Total Depreciation & Impairment for the year	(28,922)	(313)	(29,235)
-	(231)	Less Charged to Revaluation Reserve	(15,160)	(4)	(15,164)
(6,905)	1,412	Depreciation & Impairment charged to I&E	(13,762)	(309)	(14,071)
		Closing NBV at 31 Mar Year End:			
172,470	187,362	Land	162,203	0	162,203
9,422	9,746	Land & Dwellings	-	9,757	9,757
181,892	197,108	Other property	162,203	9,757	171,960

4. Vacant Possession Value

HRA dwellings are valued in the balance sheet at existing use value for social housing, which is 39% of the vacant possession value. This reduction in value shows the economic cost of providing council housing at less than open market rent.

Vacant Possession Value 31 March 2011 (£)

415,908,801

Notes to Housing Revenue Account

5. Major Repairs Reserve

<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
131	0	Balance as at 01 Apr year start	273
1,827	1,893	Major Repairs Allowance received equated to Depreciation upon Dwellings	1,916
(1,958)	(1,620)	Financing of capital expenditure on council dwellings	(2,051)
-	273	Balance on 31 March	138

6. Capital Expenditure and Financing

<u>2008/09</u> £'000	<u>2009/10</u> £'000		<u>2010/11</u> £'000
2,207	1,965	Total Capital Expenditure	2,051
		Financed by:	
249	345	Borrowing	-
(1,958)	1,620	Capital expenditure funded from Major Repairs Reserve	2,051
(1,709)	1,965	Total financing	2,051

7. Capital Receipts

Capital receipts of the value of £343,500 (£141,000 in 2009/10) were generated in the year, all of which related to dwellings. The Council is required to contribute a proportion of 75% of capital receipts to a national pool. The remaining 25% can be used by the council for capital purposes

<u>2008/09</u> £'000	<u>2009/10</u> £'000	<u>2010/11</u> £'000
83	35	Useable Capital Receipts
		86

8. HRA Subsidy

<u>2009/10</u> £'000		<u>2010/11</u> £'000
19	Prior Year Adjustments	-
	<u>Expenditure</u>	
1,310	Allowance for Management	1,351
2,611	Allowance for Maintenance	2,661
1,893	Allowance for Major Repairs	1,916
228	Charges for Capital	377
6,042	Expenditure for the year	6,305
	<u>Income</u>	
(9,464)	Rent	(9,820)
(3)	Rental Constraint Allowance	-
0	Interest on Receipts	(2)
(9,467)	Income for the Year	(9,820)
(3,406)	Subsidy (Payable)	(3,515)

Notes to Housing Revenue Account

9. Rent Arrears

<u>31-Mar-09</u>	<u>31-Mar-10</u>		<u>31-Mar-11</u>	<u>31-Mar-11</u>	<u>31-Mar-11</u>
£'000	£'000 restated		Dwellings & Garages £'000	Commercial £'000	Total £'000
343	381	Arrears at 31 March	367	155	522
(103)	(298)	Provision for bad and doubtful debt	(232)	(49)	(281)
240	83	Total	135	106	241

At 31st March 2009 and 2010 the accounts did not include the arrears on commercial properties.

10. Pension Costs

The HRA proportion of pension transactions, totalling minus £393,000 (positive £788,000 in 2009/10) disclosed in accordance with IFRS, are included in the Statement of Accounts. The actual HRA pension costs for the year ending 31 March 2011 were £489,000 (£471,000 in 2009/10) which represents the actual cost to the council after reversing out the required technical adjustment under IFRS through the Statement of Movement on the HRA Balance.

<u>2009/10</u> £000s	<u>HRA I&E Account</u>	<u>2010/11</u> £000s
158	Current service cost	231
198	Curtailment & Past Service Costs	(995)
356	NET COST OF SERVICES	(764)
905	Pensions Interest Cost	971
(473)	Expected Return on Pension Assets	(600)
788	NET CHARGE TO HRA I & E ACCOUNT	(393)
(317)	Difference between charges to Comprehensive Income & Expenditure Account and charges levied in accordance with Statute	882
471	Employer's contributions payable to the scheme under Statute, Chargeable to the Housing Revenue Account	489

COLLECTION FUND 2010/11

<u>2008/09</u> £'000	<u>2009/10</u> £'000	Notes		<u>2010/11</u> £'000
			<u>Income:</u>	
(42,060)	(42,759)	2	Income due from Council Tax	(43,965)
(3,643)	(4,065)	2	Transfers from General Fund - Council Tax Benefits	(4,269)
(27,048)	(27,512)	3	Income collected from National Non-Domestic Rates (NNDR)	(25,615)
0	(3)	4	Contribution re adjustment of previous years' community charges	0
(72,751)	(74,339)		Total Income	(73,849)
			Precepts and Demands	
33,083	33,884	5	Essex County Council	35,149
3,863	4,075	5	Essex Police Authority	4,273
1,969	2,053	5	Essex Fire Authority	2,148
5,461	5,625	5	Brentwood Borough Council inc Parishes	5,895
<u>44,376</u>	<u>45,637</u>			<u>47,465</u>
		3	National Non-Domestic Rates (NNDR)	
26,942	27,404		Payment to National Pool	25,508
106	108		Costs of Collection	107
<u>27,048</u>	<u>27,512</u>			<u>25,615</u>
			Bad and doubtful debts	
0	53		Amounts written off in year	56
176	274		Provision for bad debts	(85)
<u>176</u>	<u>327</u>			<u>(29)</u>
			Distribution of Previous Year's Council Tax Surplus	
1,058	966	5	Essex County Council	766
123	112	5	Essex Police Authority	89
63	58	5	Essex Fire Authority	46
174	154	5	Brentwood Borough Council	76
<u>1,418</u>	<u>1,290</u>			<u>977</u>
			Contributions	
0	3	4	Adjustment of previous years' community charges	0
73,018	74,769		Total Expenditure	74,028
267	430		(Surplus)/Deficit for the Year	179
			Movement on fund balance	
(1,289)	(1,022)		(Surplus)/Deficit brought forward	(592)
267	430		(Surplus)/Deficit for the Year	179
(1,022)	(592)		(Surplus)/Deficit Carried Forward	(413)

NOTES TO THE COLLECTION FUND

1.General

This account fulfils the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates.

2. Council Tax

The income due from Council Tax is shown net of benefits, discounts, and transitional relief as follows:

<u>2009/10</u> £000		<u>2010/11</u> £000
(52,058)	Gross Council Tax due	(53,622)
	Less:	
41	Disablement Discounts	42
3,685	Single Person Discount	4,099
380	Other Discounts	0
1,127	Exemptions	1,247
4,065	Council Tax Benefit and transitional relief	0
(42,760)	Net Council Tax Due	(48,234)

Council Tax income comes from charges made on domestic properties. Each property is placed in one of eight valuation bands depending on its capital value. The council works out the Council Tax charge by estimating the amount of income it and the preceptors need for the coming year, and dividing this amount by the council tax base. The council tax base is the total number of properties in each band, adjusted by a proportion of the band D charge and multiplied by the collection rate assumption for the year (98.5% for 2010/11). In 2010/11 the council tax base (number of band D equivalent properties) was 32,931.7. The basic amount of council tax for a property in band D (£1,459.66 for 2010/11) is multiplied by the appropriate proportion for the particular band to give the individual amount due from the property.

Band	Range of Property Values	No of properties	Proportion of band D charge	Number of band D equivalent properties
A	Up to £40,000	468	6/9	312.00
B	£40,001 - £52,000	2,299	7/9	1,787.90
C	£52,001 - £68,000	5,499	8/9	4,888.20
D	£68,001 - £88,000	7,161	9/9	7,161.00
E	£88,001 - £120,000	5,037	11/9	6,156.00
F	£120,001 - £160,000	4,055	13/9	5,857.90
G	£160,001 - £320,000	3,500	15/9	5,834.20
H	More than £320,001-	467	18/9	934.50
Total		28,486		32,931.70

3. National Non-Domestic Rates (NNDR)

The Council collects Non-Domestic Rates from business taxpayers in its area. NNDR is based on local rateable values multiplied by a nationally set rate. The total amount of cash collected, less certain relief to charities and other deductions, is paid to a central pool (the NDR Pool) managed by central government. The government in turn pays back to authorities their share of the pool based on a standard amount per head of population. The Collection Fund Account records the collection of monies from Non-Domestic ratepayers and the payment to the NDR Pool, but not the income received from the pool, which is paid directly to each Council's income & Expenditure Account.

The Gross Non Domestic Rateable Value for the Brentwood Borough Council area at 31st March 2011 was £xx,xxx,xxx and the standard NNDR multiplier for the year was xx.xp whilst the small business multiplier was xx.xp.

NOTES TO THE COLLECTION FUND

The amount payable to the NDR pool for 2010/11 is shown in detail below.

2009/10 £000		2010/11 £000
31,771	Gross amount due from NNDR taxpayers	29,756
	Less:	
80	Transitional Relief losers/(gainers)	(104)
(1,893)	Charity Relief	(1,786)
(346)	Small Business Allowance	(504)
(1,098)	Empty Allowances	(1,394)
(228)	Write offs	(353)
28,286	Net amount due from NNDR taxpayers	25,615
(774)	Less amounts not yet received	0
27,512	Income collected from NNDR	25,615
(108)	Less Costs of NNDR collection grant from government	(107)
27,404	Payment to the National Pool	25,508

4. Adjustment of previous years' community charges

No adjustments to residual community charge income to be borne wholly by rentwood Borough Council were required to be shown in the Collection Fund Statement.

5. Collection Fund Major Preceptors

The name of each major preceptor and the amounts included in the Collection Fund Statement for each preceptor are given below.

Major preceptor	2010/11 precept demand £000	Share of prior years surplus £000	2010/11 Total £000
Brentwood Council (including parishes)	5,895	76	5,971
Essex County Council	35,149	766	35,915
Essex Police Authority	4,273	89	4,362
Essex Fire Authority	2,148	46	2,194
Total	47,465	977	48,442
Percentage Change on Prior Year	4.01%	-24.26%	3.23%

The comparator figures for 2009/10 were as follows:

Major preceptor	2009/10 precept demand £000	Share of prior years surplus £000	2009/10 Total £000
Brentwood Council (including parishes)	5,625	154	5,779
Essex County Council	33,884	966	34,850
Essex Police Authority	4,075	112	4,187
Essex Fire Authority	2,053	58	2,111
Total	45,637	1,290	46,927
Percentage Change on Prior Year	2.84%	-9.03%	2.47%

Appendix 1.

Members Allowances

The totals for members allowances paid in 2010/2011 are shown below

TOTAL 2009/10 £			Basic Allowance £	Special Responsibility allowance £	TOTAL 2010/11 £
5,625.09	1	ASPINELL B R	6,410.39	0.00	6,410.39
7,185.28	2	BAKER P J	6,410.39	5,190.37	11,600.76
5,289.42	3	BRAID A E	6,410.39	0.00	6,410.39
5,289.42	4	BREHAUT M R	6,410.39	0.00	6,410.39
5,289.42	5	CARTER R A	5,112.00	0.00	5,112.00
5,289.42	6	CHILVERS K L	6,410.39	2,466.94	8,877.33
0.00	7	CLARKE NJ	5,901.04	0.00	5,901.04
5,882.69	8	COE A	6,410.39	943.83	7,354.22
0.00	9	CORNELL C	5,901.04	0.00	5,901.04
0.00	10	DAVIES V	5,860.71	0.00	5,860.71
7,987.39	11	GOLDING L A	6,410.39	1,249.26	7,659.65
5,757.19	12	GOLDING M D	6,410.39	71.31	6,481.70
5,289.42	13	HARRISON R	6,410.39	0.00	6,410.39
5,289.42	14	HENWOOD M J W	6,410.39	0.00	6,410.39
5,062.53	15	HIRST R C	6,410.39	6,148.37	12,558.76
7,987.39	16	HOLMES J E	6,410.39	392.15	6,802.54
5,289.42	17	HONES N C	6,410.39	872.52	7,282.91
5,453.42	18	HOSSACK C R	5,859.39	2,538.25	8,397.64
5,289.42	19	KEEBLE R C	6,410.39	0.00	6,410.39
8,552.05	20	KENDALL D J	6,410.39	5,190.37	11,600.76
8,552.05	21	LEE L M	6,410.39	392.15	6,802.54
6,920.41	22	LE-SURF M	6,410.39	196.03	6,606.42
0.00	23	LEWIS C	5,901.21	0.00	5,901.21
5,414.92	24	LLOYD W A	5,112.00	0.00	5,112.00
5,289.42	25	MACLELLAN G E	6,410.39	872.52	7,282.91
5,757.19	26	MCCHEYNE R J	6,410.39	4,869.53	11,279.92
10,402.73	27	MCGINLEY J A	6,410.39	5,412.80	11,823.19
11,470.51	28	MCKINLAY L J	6,410.39	12,760.59	19,170.98
8,216.38	29	MINNS D	563.42	321.56	884.98
4,988.92	30	MONNICKENDAM J	563.42	0.00	563.42
0.00	31	MYNOTT P	5,901.04	0.00	5,901.04
6,283.35	32	PARKER K	6,410.39	0.00	6,410.39
5,757.19	33	PAYNE D	6,410.39	943.83	7,354.22
5,882.69	34	POUND J I	6,410.39	943.83	7,354.22
7,650.12	35	QUIRK R S	563.42	0.00	563.42
5,453.42	36	REED M P	6,410.39	943.83	7,354.22
8,552.05	37	SHEEHAN K	563.42	321.56	884.98
5,289.42	38	SLEEP AR	6,410.39	0.00	6,410.39
5,757.19	39	SPARLING K M	6,410.39	71.31	6,481.70
5,289.42	40	STRAW R G	6,410.39	0.00	6,410.39
5,414.92	41	TEE D W	6,410.39	0.00	6,410.39
5,648.03		Other Members in 2009/10 only	0.00	0.00	0.00
235,798.72		TOTAL	233,703.42	53,112.91	286,816.33

Glossary of terms

Term	Explanation
Accounting period	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 st April and ending on 31 st March the following year, for local authority accounts. The end of the accounting period is the balance sheet date.
Accounts	A generic term for statements setting out details of income and expenditure or assets and liabilities or both, in a structured manner. Accounts may be categorised either by the type of transactions they record, e.g. revenue account, capital accounts or by the purpose they serve, e.g. management accounts, final accounts, balance sheets.
Accrual	An accrual is a sum included in the accounts to cover income or expenditure attributable to an accounting period for goods received or works done, for which payment has not been received/made by the end of that accounting period. In other words, income and expenditure are recognised when they are earned or incurred, not when money is received or paid.
Actuary	An actuary is a suitably qualified independent consultant employed to advise the Council upon the financial position of the Pension Fund.
Actuarial gains and losses	Actuarial gains or losses for defined benefit pension schemes arise because events have not coincided with the actuarial assumptions made, or the actuarial assumptions have changed.
Agency	Agreement that the Council can perform highway repairs on behalf of the County Council in their areas.
Appropriation	An Appropriation is the transfer of resources between the reserves.
Audit	An independent examination of an organisation's activities, either by internal audit or the organisation's external auditor.
Audit Commission	The Audit Commission was established by the Local Government Finance Act 1982. It has responsibility for the external audit of all local authorities. It can either use district auditors who are employed by the Audit Commission or firms of accountants.
Asset	An item having value measurable in monetary terms. Assets can either be defined as fixed or current. A fixed asset has use and value for more than one year where a current asset (e.g. stocks or short term debtors) can readily be converted into cash.
Balance Sheet	This is a summary of the financial position of the Council. It shows the balances and reserves at the Council's disposal, long term indebtedness and fixed and net current assets employed.
Best Value Accounting Code of Practice (BVACOP)	The system of local authority accounting and reporting has been modernised to meet the changing needs of modern local government particularly the duty to secure and demonstrate "best value" in the provision of services. The new Best Value Accounting Code of Practice provides guidance on the content and presentation of costs and service activities.
Billing Authority	A local authority charged by statute with the responsibility for the collection of, and accounting for, Council Tax, NNDR, and residual Community Charge.

Budget	A budget is a financial statement that expresses the Council's service delivery plans and capital programmes in monetary terms. This normally covers the same period as the financial year but increasingly Councils are preparing medium term budgets covering 3 to 5 years.
Capital Adjustment Account	This account represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets, or for the repayment of external loans.
Capital Charge	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.
Capital Expenditure	This is expenditure on the acquisition or refurbishment of fixed assets and other eligible items that will be of benefit to the Council in providing its services for more than one year.
Capital Financing	The raising of money to pay for capital expenditure. Capital financing methods include, borrowing, direct revenue funding, use of capital receipts, capital grants, capital contributions and revenue reserves.
Capital programme	The Council's plans for capital spending over future years, including the purchase or improvement of buildings and the acquisition of vehicles and major items of equipment.
Capital receipts	Proceeds from the sale of assets, which may be used to finance new capital expenditure, set aside for the repayment of external loans or paid to the national pool.
Chartered Institute of Public Finance and Accountancy	CIPFA is the main professional body for accountants working in the public service. It produces guidance in relation to various matters concerning the public sector including financial and governance issues.
Collection Fund	A fund administered by the Council for the collection of Council Tax and National Non-Domestic Rates. Council Tax is paid into this fund and the net requirements of Essex County Council, Essex Police Authority, Essex County Fire and Rescue Service, Borough and Parish Councils are met from the Fund. Any surplus or deficit is shared between the various authorities other than Parish Councils.
Communities & Local Government (CLG)	The central government department responsible for local government.
Contingent liability	Contingent liabilities are possible or present obligations that arise from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent liabilities are not recognised in the accounts as an item of expenditure.
Council Tax	A local tax set by local authorities in order to finance their budget requirement. The level set by a Council will be dependent on its expenditure in relation to its Formula Grant.
Creditors	Amounts due, but not yet paid by the Council, for work done, goods received or services rendered during the financial year.
Current Assets	An asset held which will be used, or received, within the next financial year.
Current Liabilities	An amount which will become payable, or could be called in, within the next financial year.

Debtors	Amounts due, but not yet received by the Council, for work done or services supplied, during the financial year.
Deferred Liabilities	This represents the liability for principal repayments on finance leases.
Deferred receipts	Deferred receipts represent income still to be received, where the Council has agreed that amounts are payable beyond the next year, either at some point in the future, or by an annual sum over a period of time.
Defined benefit pension scheme	A pension or retirement benefit other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
Depreciation	A measure of the cost or revalued amount of the benefits of the fixed asset that has been consumed during the period. Consumption includes any reduction in the useful life of a fixed asset, whether arising from use, passage of time or obsolescence through technical or other changes.
Financial Reporting Standards (FRS's)	These are issued by the Accounting Standards Board and provide standards for the preparation of financial statements. The Council attempts to ensure that its accounts are prepared in accordance with FRS's (or SSAP's where these remain in force) where they apply to local authorities. Where this is not possible the reason is given in the Statement of Accounting Policies.
Discretionary benefits	Retirement benefits which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Council's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.
Exceptional Items	Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence such that the financial statements give a true and fair view.
Fees and charges	Charges made to the public for a variety of services such as parking charges, letting of community halls and the hire of sporting facilities.
Finance leases	Finance leases transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the lessee's Balance Sheet (also see 'Operating Leases').
Fixed assets – intangible	Assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) and will bring benefits to the Council for more than one financial year.
Fixed assets – tangible	Assets that have physical substance and are held for the provision of services, or for administration purposes, on a continuing basis.
General Fund (GF)	The main revenue account of a local Authority from which revenue payments are made to meet the costs of providing services (such as wages, electricity, paper).
Housing Revenue Account (HRA)	A separate account to the General Fund which includes the expenditure and income arising with the provision of housing accommodation by the Council
Impairment	Impairment occurs where the recoverable amount of the fixed asset is lower than the carrying value amount.

Income and Expenditure Account	This records all the income the Council has received to fund the day to day expenditure on the services it has provided during the financial year.
Intangible Assets	Expenditure which has been capitalised but which does not always produce a fixed asset, e.g. renovation grants, software licences.
Interest	An amount received or paid for the use of a sum of money when it is invested or borrowed.
International Financial Reporting Standards	IFRS is the prescribed format for all local authority Statement of Accounts. The Code of Practice gives detailed guidance on how the Council will account for its transactions in the statements and notes explaining the transactions
Investments	<p>A long term investment is intended to be held for use on a continuing basis in the activities of the Council. Investments are so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.</p> <p>Investments, other than those related to the pensions fund that do not meet the above criteria, are classified as current assets.</p>
Lease	A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.
MRA	Government Subsidy to the HRA to fund major repairs to the Council's housing stock.
Minimum Revenue Provision	The minimum amount which must be charged to an Authority's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage of outstanding debt.
National non domestic rates	These rates are the means by which local businesses contribute to the cost of providing local authority services. Business rates are paid into a national pool. The pool is then divided between all authorities in proportion to their formula grant allocation.
Net Worth	This is the overall value of the Balance Sheet at the end of the financial period.
Non operational assets	Fixed assets not directly used or consumed in the delivery of services, or for the service or strategic objectives of the Council. Examples include assets that are surplus to requirements, pending sale or redevelopment and assets under construction.
Operating leases	Operating leases are agreements for the rental of assets where the rewards and risks of ownership of the asset remain with the leasing company. The annual rentals are charged directly to the Income and Expenditure Account (also see Finance Leases).
Operational assets	Fixed assets held and occupied, used or consumed in the direct delivery of those services for which it has a statutory or discretionary responsibility or for the service of the strategic objectives of the authority.
Outturn	The actual results for the financial year in question.
Precept	The amount paid to each of the Essex County Council, Essex Police Authority, Essex County Fire and Rescue Service and Parish Councils from the Collection Fund to meet the cost of each authority's services.

Premium (PWLb)	In the event of the Council prematurely repaying a loan to the Public Works Loan Board (PWLb) it will be required to pay to the PWLB the difference between the present value of the remaining payments of principal and interest due on the loan and that calculated based on the rates of interest in force when the repayment is confirmed.
Provisions	An amount set aside to provide for a liability that is likely to be incurred but where the exact amount and the date on which it will arise is uncertain.
Public Works Loan Board (PWLb)	The PWLB is a government agency that provides longer-term loans to local authorities, at interest rates marginally above the Government's own borrowing rate.
Remuneration	All amounts paid to or receivable by an employee, including sums due by way of expense allowances and the estimated money value of any other benefits received by an employee otherwise than in cash. This excludes employers' pension contributions to the Pension Fund.
Related Party Transactions	Transactions where one of the parties involved has control or influence over the financial and operational policies of the other party.
Reserves	<p>The Council's accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial events.</p> <p>Earmarked reserves are amounts set aside for a specific purpose in one financial year and can be carried forward to meet expenditure in future years.</p>
Revaluation Reserve	This account represents the balance of the net surpluses arising on the revaluation of fixed assets.
Revenue Expenditure	The Council's day-to-day expenditure on items which include wages, stationery, and interest charges.
Revenue Expenditure Funded from Capital under Statute (previously Deferred Charges)	Capital expenditure which may be properly capitalised but which does not result in or remain matched with tangible fixed assets, owned by the Council e.g. expenditure on Improvement Grants
Revenue Support Grant	This is the Central Government financial support towards the general expenditure of local authorities.
Retirement benefits	All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.
S106 agreements	Where a developer undertakes to provide community benefits (for example, a percentage of affordable housing).
Section 151 Officer	Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Head of Resources is the Council's Section 151 Officer.

Service Reporting Code of practice (SERCOP)	The system of local authority accounting and reporting has been modernised to meet the changing needs of modern local government. The code is driven by the requirements of the International Financial Reporting Standards. The new SERCOP provides guidance on the content and presentation of costs and service activities.
Statement of Standard Accounting Practice	These are methods of accounting approved by the Accounting Standards Committee and are applicable to all accounts which are intended to give a true and fair view. They are gradually being replaced by Financial Reporting Standards.
Stock	Raw materials and stores which the Council has bought and holds in stock for use as required.
Work in Progress	The cost of work done on an uncompleted project at a specified date which has not been recharged to the appropriate account at that date.